



**BOARD OF DIRECTORS' MEETING**

**AGENDA**

**FEBRUARY 1, 2018**

**REGULAR SESSION 6:00 P.M.**

**COMMUNITY MEETING ROOM**

**177 FIRST STREET WEST, SONOMA**

<p>In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact Interim District Clerk Vivian Woodall at (707) 935.5005 at least 48 hours prior to the meeting.</p>	<p><b>RECOMMENDATION</b></p>	
<p><b>AGENDA ITEM</b></p>		
<p><b>MISSION STATEMENT</b> <i>The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>		
<p><b>1. CALL TO ORDER</b></p>	<p><i>Rymer</i></p>	
<p><b>2. PUBLIC COMMENT</b></p>	<p><i>Rymer</i></p>	
<p><b>3. CONSENT CALENDAR</b>            A. Board Minutes 01.11.18            B. Finance Committee Minutes 12.19.17            C. Quality Committee Minutes 12.20.17            D. Executed Policies and Procedures            E. Medical Staff Credentialing Report <i>Pages 3 - 12</i></p>	<p><i>Rymer</i></p>	<p>Action</p>
<p><b>4. UCSF COLLABORATION AGREEMENT</b> <i>Pages 14 - 59</i></p>	<p><i>Mather</i></p>	<p>Inform/Action</p>
<p><b>5. PATIENT CARE SERVICES ANNUAL REPORT 2017</b> <i>Pages 61 - 79</i></p>	<p><i>Kobe</i></p>	<p>Inform</p>
<p><b>6. BOARD WORK PLAN FOR 2018</b> <i>Pages 82 - 82</i></p>	<p><i>Rymer</i></p>	<p>Inform/Action</p>
<p><b>7. ADMINISTRATIVE REPORT FEBRUARY 2018</b> <i>Pages 84 - 86</i></p>	<p><i>Mather</i></p>	<p>Inform</p>
<p><b>8. FINANCIAL REPORT MONTH ENDED DECEMBER 31, 2017</b> <i>Pages 88 - 100</i></p>	<p><i>Jensen</i></p>	<p>Inform</p>
<p><b>9. COMMITTEE REPORTS</b>            A. Governance Committee Report:                i. Board Committee Selection Process Policy #P-2018.02.01-1                ii. Conflict of Interest Policy #P-2018.02.01-2                iii. Counsel Review of Changes to Bylaws Approved at 01.11.18 Board Meeting with No Objection to Changes  <i>Pages 102 - 113</i></p>	<p><i>Hohorst</i></p>	<p>Action  Action Inform</p>
<p><b>10. BOARD COMMENTS</b></p>	<p><i>Board Members</i></p>	<p>Inform</p>
<p><b>11. ADJOURN</b> The next Regular Board meeting is March 1, 2018.</p>	<p><i>Rymer</i></p>	

3.

## CONSENT CALENDAR



BOARD OF DIRECTORS' MEETING  
**MINUTES**  
 THURSDAY, JANUARY 11, 2018  
 REGULAR SESSION 6:00 P.M.

**BASEMENT CONFERENCE ROOM, SVH**  
 347 Andrieux Street, Sonoma, CA

	<b>RECOMMENDATION</b>	
<b>MISSION STATEMENT</b> <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER</b> The meeting was called to order at 6:01 pm	<i>Rymer</i>	
<b>2. PUBLIC COMMENT</b> None	<i>Rymer</i>	
<b>3. REPORT ON CLOSED SESSION 12.15.17</b> A proposed new affiliation with another health care facility was discussed. No decisions were made at the meeting.	<i>Rymer</i>	
<b>4. CONSENT CALENDAR</b>	<i>Rymer</i>	Action
		<b>MOTION:</b> by Hohorst to approve, 2 <sup>nd</sup> by Hirsch. All in favor.
<b>5. OUTPATIENT DIAGNOSTIC CENTER CAPITAL CAMPAIGN UPDATE</b>	<i>Pier</i>	Inform
<p>Mr. Pier said talking points (previously issued in September) were added to the packet to ensure everyone was on the same page. The SVH Foundation is very excited about the campaign, which is currently in the quiet phase. The timeline for sharing details with the entire community is mid to late summer. The purpose of quiet phase is to gain momentum with a majority of the money raised.</p> <p>Ms. Mather said this the process is different from last time, where construction was finished and many pledges had still not been received. The Hospital would rather not take on any debt for major equipment. Three bids were opened today and will be reviewed within the next couple of weeks. A recommendation is anticipated to be made at the April Board meeting.</p> <p>Mr. Boerum asked about separating out costs of construction required for specific equipment. Ms. Mather said that she believed the costs could be separated out. But, she clarified that estimating the cost of equipment is the Hospital's responsibility and that she hoped to be able to identify any required special construction costs associated with each item of equipment. (She indicated that the Medivator (scope cleaner) project was not included in this project, nor was any nuclear medicine equipment.) Funds raised by the SVH Foundation will pay</p>		

for both equipment and construction. The equipment upgrades/replacement will need to be done whether or not the Outpatient Diagnostic Center is approved, thus the “separation” of those costs.		
<b>6. BOARD WORK PLAN FOR 2018</b>	<i>Rymer</i>	Inform/Action
<p>Ms. Hirsch brought a calendar the Board used previously and gave it to the Chair. Mr. Boerum recommended: a) Christina Lawson as a speaker (public member of the Medical Board of California and cannabis task force regarding physician guidelines for prescribing medical marijuana); b) a presentation on concepts of what a destination hospital is; c) attend or listen to expected City of Sonoma medical cannabis meetings. Ms. Hirsch suggested Cathy Capriola; Hospital Council (T Abraham); Cynthia Scarborough’s replacement at Vintage House; and Cheryl Johnson (SVCHC). Ms. Nevins mentioned having Board retreats twice a year, as well as having Susan Gorin as a speaker.</p> <p>Mr. Rymer asked that Board retreats be added to the calendar. Ms. Mather suggested Beth Dadko might be a better speaker for County initiatives that affect the Valley.</p>		
<b>7. BOARD COMMITTEE ASSIGNMENTS</b>	<i>Rymer</i>	Inform/Action
Mr. Rymer recommended Ms. Hirsch and Mr. Hohorst for Quality Committee, with Ms. Hirsch as chair; Ms. Nevins and Mr. Rymer for Finance Committee, with Ms. Nevins as chair; Mr. Hohorst and Mr. Boerum for Governance Committee, with Mr. Hohorst as chair; Ms. Hirsch and Mr. Rymer as representatives to the Joint Conference Committee (a Medical Staff committee; and Mr. Boerum and Mr. Hohorst as representatives to the JPA.		<b>MOTION:</b> by Boerum, 2 <sup>nd</sup> by Nevins. All in favor.
<b>8. ADMINISTRATIVE REPORT JANUARY 2018</b>	<i>Mather</i>	Inform
<p>Hospital expenses were reduced based on first quarter performance. All options are being explored regarding Home Care services. PTO policies across the industry are being reviewed. Following Mr. Hohorst’s review of four star hospitals, the SVH quality team is investigating what other hospitals did to improve.</p> <p>Mr. Boerum asked why Home Care options are being explored. Ms. Mather said SVH wants to keep the service in the Valley and retain employees. Kaiser has not increased reimbursement and the Hospital cannot afford to pay for that service to patients. SVH is one of the few remaining hospitals that did not divest themselves of a home care agency. Expenses have been reduced already as much as possible.</p> <p>Outpatient surgery satisfaction scores are now mandated and started January 1. The 3D mammography project equipment is in place, but the State (OSHPD) has not yet responded on the application. SVH has an addictionologist on board with plans to address the opioid crisis. A reimbursement increase on Medi-Cal was recently received from Partnership Health.</p>		
<b>9. FINANCIAL REPORT MONTH END NOVEMBER 2017</b>	<i>Jensen</i>	Inform
Mr. Jensen reviewed the payer mix and cash activity for November. Cash collection was under goal by \$363k but year to date about on goal for budget. Days’ cash were 14.4, while AR		

<p>was at 47 days. Gross outpatient revenue was on budget, and December looks even better than November.</p> <p>After accounting for all income and expenses, there was a total net loss for November of \$581k on a budgeted net loss of \$39k.</p>		
<b>10. COMMITTEE REPORTS</b>		
Governance Committee Report: Recommended Changes to SVHCD Bylaws	<i>Hohorst</i>	Action
The Governance Committee reviewed the bylaws as required every two years in even years, and Mr. Hohorst reviewed the changes. Ms. Nevins recommended approval pending approval of section 2.e. by the SVH Foundation. She also recommended adding “collaboration” to section 3, as well as assurance that the CEO has the ability to delegate.		<b>MOTION:</b> by Hohorst, 2 <sup>nd</sup> by Rymer with changes. All in favor.
<b>9. BOARD COMMENTS</b>	<i>Board Members</i>	Inform
None		
<b>10. ADJOURN</b>	<i>Rymer</i>	
Meeting adjourned at 7:16 pm		



**SVHCD  
FINANCE COMMITTEE MEETING  
MINUTES  
TUESDAY, DECEMBER 19, 2017  
Schantz Conference Room**

<b>Present</b>	<b>Excused</b>	<b>Staff</b>	<b>Public</b>
John Perez Sharon Nevins Peter Hohorst Susan Porth Dr. Mishra via telephone Steve Berezin Joshua Rymer	Keith Hughes	Kelly Mather Ken Jensen Sarah Dungan Jeanette Tarver	

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>ACTIONS</b>	<b>FOLLOW-UP</b>
<b>MISSION &amp; VISION STATEMENT</b> <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>			
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Nevins</i>		
	Called to order 5:00 p.m. Mr. Joshua Rymer, new Board President, is in attendance but will not be a voting member. Mr. Hohorst will be stepping out of the Finance Committee and into the Quality Committee. He and Mr. Rymer will switch committees.		
<b>2. PUBLIC COMMENT SECTION</b>	<i>Nevins</i>		
	None		
<b>3. CONSENT CALENDAR</b> FC Minutes 11.28.17	<i>Nevins</i>	Action	
		<b>MOTION:</b> by Hohorst 2nd by Porth. All in favor	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
<b>4. WHATS GOING WELL</b>	<i>Mather</i>		
	<p>The Board met with UCSF and given the green light to move forward with the collaboration. This will offer us branding from UCSF as well as a Medical Director review of quality. The Medical Director will start with one day a week on site.</p> <p>The management restructure has been done. It will be effective January 2, 2018.</p>		
<b>5. ADMINISTRATIVE REPORT DECEMBER 2017</b>	<i>Mather</i>	Inform	
	<p>Ms. Mather reported that CMS has awarded us 4 stars gain. We are one of only four hospitals in the bay area with 4 stars.</p> <p>Dr. Cohen is retiring at the end of the year. The plan is to have the CMO come from UCSF once the collaboration is complete.</p> <p>The Breast surgeon marketing will begin in January.</p> <p>We have a Cardiologist coming on in the summer.</p> <p>The South Lot project has come up against some issues with the planning commission. Because of that we are having to do an amendment with our agreement regarding the second payment and when it got before the planning commission. There is still a promise that we will get the \$3.3 million by the originally agreed upon date.</p> <p>Ms. Mather reported that a discussion regarding partnership with Concentra taking Employee and Occupational Health was not successful, due to our size. But she said that there is value in us keeping the service line.</p>		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	Ms. Mather said that there is a new pro forma for Home Care but she still recommends that we should still move forward due diligence with two Home Care agencies that are interested in taking over.		
<b>6. FINANCIAL REPORT FOR MONTH ENDING NOVEMBER 30, 2017</b>	<i>Jensen</i>	Inform	
	<p>Mr. Jensen reported that the volume continues to be down, but the payer mix continues to be what has been expected. Cash collected for last month was off by \$363,000, but year to date we were over by \$107,000. Days of cash on hand was 14.4 days. AR was up to 47.7 days and AP was at 42 days. The total operating revenue came in at \$203,000 off budget. Expenses were over by \$196,000. Total operating margin was an \$846,000 loss vs a budgeted loss of \$447,000. The actual loss of \$379,000 after the GO Bonds vs a budget of \$38,000. EBIDA was \$248,000 loss vs a budget \$178,000 gain. EBDA was \$296,000 loss vs a \$94,000 budgeted gain.</p> <p>Mr. Jensen reviewed of the cash projection out until June 2018. This compared the first four months actual and eight months compared performance at current YTD.</p>		
<b>7. AUDIT GROUP REHIRE</b>	<i>Jensen</i>	Inform/Action	
	Mr. Jensen recommended that we ask the current audit group to put in a new contract proposal.	All in favor of Mr. Jensen's recommendation to ask the audit group for a new contract proposal.	
<b>8. ADJOURN</b>	<i>Nevins</i>		
	<i>Meeting adjourned at 600pm</i>		





**SONOMA VALLEY HEALTH CARE DISTRICT  
QUALITY COMMITTEE  
December 20, 5:00 PM  
MINUTES  
Schantz Conference Room**

<b>Members Present</b>	<b>Members Present cont.</b>	<b>Excused</b>	<b>Public/Staff</b>
Jane Hirsch Michael Mainardi, MD Carol Snyder Susan Idell via Phone Dr. Brown Kelsey Woodward Ingrid Sheets	Howard Eisenstark, MD	Cathy Webber	Danielle Jones Leslie Lovejoy Dr. Solomon Mark Kobe

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>ACTION</b>
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Hirsch</i>	
	Meeting called to order at 5:00p.m. Ms. Hirsch announced that as of Dec. 7 <sup>th</sup> Joshua Rymer is the new Board Chair. With this he will be joining the Finance Committee and Peter Hohorst will join the Quality Committee. Ms. Hirsch also announced that this will be Ms. Lovejoy's last meeting. Her job hours are being adjusted and she will only attend meetings when specifically requested. She will be handing the duties over to Danielle Jones.	
<b>2. PUBLIC COMMENT</b>	<i>Hirsch</i>	
	None	
<b>3. CONSENT CALENDAR</b>	<i>Hirsch</i>	Action
<ul style="list-style-type: none"> <li>QC Minutes, 11.15.17</li> </ul>		<b>MOTION:</b> by Mainardi to approve, 2 <sup>nd</sup> by Woodward. All in favor
<b>4. POLICY &amp; PROCEDURES</b>	<i>Jones</i>	Action
		<b>MOTION:</b> by Eisenstark to approve 2 <sup>nd</sup> by Idell. All in favor.
<b>5. ANESTHESIA SERVICES MEDICAL DIRECTOR</b>	<i>Solomon</i>	

AGENDA ITEM	DISCUSSION	ACTION
<b>REPORT</b>		
	Dr. Solomon gave his overview of the Anesthesia report. This included the Anesthesia group's quality metrics for the last quarter.	
<b>6. EVALUATION OF THE QUALITY COMMITTEE WORK PLAN</b>	<i>Lovejoy</i>	Inform
	<p>Ms. Lovejoy reviewed the work plan for 2017. Overall all the things that the committee set out to accomplish, got accomplished. The outliers can be rolled into the next year's work plan or taking another direction.</p> <p>Group discussion about what they would like to see for the next year. The group would like to see the following in the upcoming year:</p> <p>Have the participants for the PI Fair present quarterly to the committee.</p> <p>Have Patient Care Services present in January, IS in February and CEO/CFO strategic plan in March or April.</p> <p>Medical Staff presentation - OB Medical Director, Dr. Brown, in July, Dr. Perryman and the Pain Team.</p> <p>A draft of the 2018 work plan will be presented at the January meeting.</p>	
<b>7. PATIENT CARE SERVICES DASHBOARD</b>	<i>Kobe</i>	Inform
	Mr. Kobe reviewed the dashboard for the last two quarters. This included patient experience, pain management and nursing effectiveness. He noted that some of the lower numbers are reflective of staffing and management changes in the ED. He expects that these will improve in the next few quarters.	
<b>8. BOARD QUALITY DASHBOARD</b>	<i>Lovejoy</i>	Inform
	Tabled until January 2018 meeting	
<b>9. QUALITY REPORT 2017</b>	<i>Lovejoy</i>	
	Ms. Lovejoy reported that she reviewed the global quality reporting for 2017. We retained the 4 star quality rating, one of very few hospitals in the bay	<b>MOTION:</b> by Eisenstark2 <sup>nd</sup> by Mainardi. All in favor

AGENDA ITEM	DISCUSSION	ACTION
	<p>area. The hospital acquired infections showed that we had issues with c difficile, which resulted in a 2% reduction in Medicare funding. The rolling readmission rate was 9.7%. The national and state average readmission rate is 18%. Ms. Lovejoy also reviewed the vision for when the Prime Grant ends in 2020.</p>	
<b>10. UPON ADJOURNMENT OF REGULAR SESSION</b>	<i>Hirsch</i>	
	Regular session adjourned at 6:20:p.m.	
<b>11. CLOSED SESSION</b> <ul style="list-style-type: none"> <li>• <u>Calif. Health &amp; Safety Code § 32155</u> Medical Staff Credentialing &amp; Peer Review Report</li> </ul>	<i>Hirsch/Lovejoy</i>	Action
<b>12. REPORT OF CLOSED SESSION</b>	<i>Hirsch</i>	Inform/Action
		<b>MOTION:</b> Due to the MEC meeting date being after QC it will be approved by phone with Ms. Hirsch, Mr. Rymer and Dr. Sebastian post MEC.
<b>13. ADJOURN</b>	<i>Hirsch</i>	
	Meeting adjourned at 6:24 p.m.	



SUBJECT: Policies and Procedures	POLICY # GL8610-162
DEPARTMENT: Organizational	PAGE 1 OF 1
REVIEW/REVISED: 3/12, 3/15, 1/17, 9/17	EFFECTIVE: 2/08

- Revised       Reviewed/No Changes       Retired

**CHANGE SUMMARY:**

Briefly state changes and include reasons for making change(s).

**What:**

Procedure, draft process, approval routing, have all been updated to reflect the new electronic process. Signature pages have been retired. Authors and job titles have been added as a requirement to all policies. Approval dates by committees has been added.

**Why:**

The policy and procedure policy has been updated to streamline the approval process and eliminate the need to sign documentation as approvals are now tracked in committee meeting minutes. This new process is all electronic and allows the leaders to track changes and make suggestions in a collaborative manner while allowing SVH the ability to document the reason and leader/author making the changes.

**AUTHORS WITH JOB TITLES:**

Danielle Jones, Director Quality & Risk Management  
Laura Gallmeyer, Quality Coordinator  
Stacey Finn, Administrative Coordinator

**APPROVALS:**

Policy & Procedure Committee: 10/17/17  
Board Quality Committee: 11/15/17  
Board of Directors:

4.

# UCSF COLLABORATION AGREEMENT



**Meeting Date:** February 1, 2018  
**Prepared by:** Kelly Mather  
**Agenda Item Title:** UCSF Health Collaboration Agreement

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It is recommended that SVHCD which runs Sonoma Valley Hospital enter into a Collaboration Agreement with UCSF Health effective February 1, 2018.

**Background:** Sonoma Valley Hospital has been a part of Canopy Health since 2015, which was started by UCSF and John Muir Health System. It is an organization of Hospitals and Physicians around the Bay Area that offers some health plans whereby members can use any hospital in the system and the premiums are set competitively. Canopy Health has been a great start to organizing independent hospitals to stay alive and relevant around the Bay Area.

For many years, SVH has been considering aligning with a larger hospital. We believe that the best organization for alignment is UCSF based on their size, reputation and quality of care. After a very encouraging conversation about the vision and plans for forming an alliance with UCSF Health with our Chair of the Board at that time, Jane Hirsch, our CFO and myself in October of 2017, we presented the idea of collaboration to the Board. A closed session of the Board was held in December of 2017 with UCSF CEO Mark Laret, Chief Strategy Officer Shelby DeCosta, and Chief Medical Officer Adrienne Greene, M.D. to discuss a potential collaboration agreement. UCSF has this type of agreement with several other hospitals in the Bay Area now.

The Collaboration Agreement combines the expertise and resources of UCSF and SVH to share best practices and collectively enhance the quality of services in the Sonoma Valley community. With this agreement, we form a Joint Operations Committee that includes myself and at least one physician from SVH. That committee sets the strategic priorities. There are two requirements of the Collaboration Agreement: a Trademark Agreement and an agreement to share a Medical Director who is accountable to both UCSF and SVH. Either party may terminate the agreement with 18 months' notice.

**Consequences of Negative Action/Alternative Actions:** We could consider approaching other large hospitals but none of them seem to align as well as UCSF with our mission, vision and values.

**Financial Impact:** The financial arrangement is that SVH will pay for the cost of the Medical Director to be on site for five days per month. This will be less than \$150,000 per year and is within our budget since we do not plan to replace the Chief Medical Officer who retired in December.

**Attachments:** Collaboration Agreement, Medical Director Agreement and Trademark Agreement

## COLLABORATION AGREEMENT

**This COLLABORATION AGREEMENT** (the “Agreement”) is entered into effective as of [\_\_\_\_\_] (the “Effective Date”), between Sonoma Valley Health Care District (“SVHCD”), and The Regents of the University of California, on behalf of UCSF Health (“UCSF”). UCSF and SVHCD are referred to collectively in this Agreement as the “Parties” and individually as a “Party.”

### RECITALS

A. SVHCD owns and operates Sonoma Valley Hospital (“SVH”), a licensed general acute care hospital located in Sonoma, California, that serves Sonoma Valley (the “Sonoma Community”).

B. SVH and UCSF desire to improve health care in the Sonoma Community by accomplishing the following goals (collectively, the “Shared Vision”):

1. Combining the expertise and resources of UCSF and SVH to share best practices and collectively enhance the quality of services in the Sonoma Community.
2. Coordinating services for out-of-area transport of sick patients and facilitating the transfer of patients back to the SVH Community when they require less intensive care.
3. Enhancing the availability of physician and administrative services in the Sonoma Community through program development.
4. Increasing patient, family and community satisfaction with patient care in the Sonoma Community.

C. The intent of the collaborative relationship between the Parties is to create over time a comprehensive, sustainable and integrated health care network to serve the needs of the Sonoma Community now and in the future.

D. The Parties desire to enter into this Agreement in order to evidence their obligations regarding fulfillment of the Shared Vision.

E. Each Party represents and warrants to the other that it has no knowledge that this Agreement or any of the Implementing Agreements, as defined below, violates any state or federal law applicable to tax-exempt financing.

NOW, THEREFORE, the Parties agree as follows:

#### **I. Formation of Joint Operations Committee.**

- (a) The Parties hereby form a Joint Operations Committee (“JOC”) that will be

responsible for coordinating the Parties' activities under the implementing agreements set forth in Section 2(a) and discussing, negotiating and executing such additional arrangements and agreements as may be necessary or appropriate to implement the Shared Vision (collectively, the "Implementing Agreements"). The initial composition of the JOC shall be as set forth on Exhibit 1 and shall include senior management and physician leadership from both Parties and their designees and other personnel as needed to accomplish the goals of this Agreement. Each Party may, from time to time, designate members to replace those members it initially designated.

(b) The JOC shall have authority to appoint such subcommittees as it desires to oversee and coordinate the activities between the Parties relating to this Agreement.

(c) The JOC shall meet regularly at intervals it deems appropriate but no less than once per quarter. Any member of the JOC may call a special meeting upon forty-eight (48) hours' notice to all other members which meeting may be conducted in person or telephonically.

(d) All decisions of the JOC shall be unanimous. A decision by either Party to terminate any of the Implementing Agreements, as defined in Section 3(a) below, shall be brought to the JOC for discussion; provided, however, that each Party ultimately retains the right to terminate an Implementing Agreement in accordance with the termination provisions of such agreement in such Party's sole discretion.

## 2. Implementing Agreements.

(a) In order to implement the Shared Vision, the Parties shall, concurrently with this Agreement, enter into the following implementing agreements:

(i) A Medical Director Agreement in substantially the form attached as Exhibit 2(a)(i).

(ii) A Trademark Agreement in substantially the form attached as Exhibit 2(a)(ii).

(b) In the event that one or more of the Implementing Agreements is terminated in accordance with its terms because of the breach by the other party, a Party which has not breached such agreement may terminate this Agreement and any or all other Implementing Agreements entered into in accordance herewith. For the avoidance of doubt, in the event that the Parties mutually agree to terminate any Implementing Agreement, neither Party shall have the right to terminate this Agreement or any other Implementing Agreement due to such mutually agreed-upon termination.

3. Further Activities. The Parties contemplate that accomplishing the Shared Vision may present additional opportunities for collaboration in regards to clinical integration amongst UCSF and SVH. In furtherance of those opportunities, the JOC shall undertake the following actions:

(a) Determining whether clinical protocol development might lead to improvements in



quality and/or reductions in costs for designated conditions;

(b) Developing an initial process through which such clinical protocols may be formulated and updated to enhance clinical integration amongst UCSF and SVH; and

(c) Exploring the possibility of the implementation of a UCSF-hosted electronic medical records system at SVH and negotiating the terms and conditions of such implementation, all as may be set forth in an Implementation Agreement mutually acceptable to the Parties.

4. Term and Termination. This Agreement shall have an initial term commencing on the Effective Date and terminating five (5) years thereafter, unless earlier terminated as set forth in this Section 5. This Agreement shall automatically renew for successive five (5) year terms unless a Party provides the other with not less than eighteen months prior written notice of its intent not to renew.

This Agreement may be terminated before its expiration upon the occurrence of any of the following events:

(a) By either Party upon no less than eighteen (18) months notice.

(b) By either Party, upon breach by the other Party of this Agreement or any of the Implementing Agreements which breach is not cured pursuant to the cure provisions of this Agreement or the applicable Implementing Agreement. Each Party shall provide written notice of any breach by the other Party and such other Party shall have thirty (30) days after receipt of such notice to commence and timely pursue the cure of such breach if, by the nature of the matter, such default may be cured.

(c) Effective immediately by UCSF if SVH (i) ceases to be accredited as a general acute care hospital by The Joint Commission, (ii) is excluded or suspended from participation in the Medicare or Medi-Cal program, or (iii) sells or otherwise transfers all or substantially all of its assets to a party not approved in advance by UCSF.

(d) Effective immediately by SVH if UCSF: (i) ceases to be accredited as a general acute care hospital by The Joint Commission or (ii) is excluded or suspended from participation in the Medicare or Medi-Cal program.

(e) As provided in Section 3(b) above pertaining to breaches of implementing Agreements.

In the event that this Agreement is terminated in accordance with its terms for any reason, any Party may terminate any or all other Implementing Agreements entered into in accordance herewith.

6. Insurance.

(a) SVH shall procure and maintain at all times such policies of worker's compensation, commercial general liability, professional liability and other policies of insurance or an equivalent program of self-insurance as set forth in Exhibit 6(a).

(b) UCSF shall procure and maintain at all times such policies of worker's compensation, commercial general liability, professional liability and other policies of insurance or an equivalent program of self-insurance as set forth in Exhibit 6(b).

7. Primary Affiliate. SVH shall designate UCSF as its primary affiliate and preferred partner for new specialty program development or other affiliations, and UCSF shall assist SVH in identifying clinical and technological innovations for implementation at SVH.

8. General Provisions.

(a) Notices. All notices required by this Agreement shall be deemed received when in writing and delivered personally or three (3) business days after being deposited in the United States mail, postage prepaid, return receipt requested, addressed to the other Party at the address set forth below or on such other address as the Party may designate in writing in accordance with this Section:

To Sonoma Valley Hospital:

Kelly Mather  
President and CEO  
Sonoma Valley Hospital  
347 Andrieux Street  
Sonoma, CA 95476

To UCSF Health:

Mark Laret  
CEO, UCSF Health  
500 Parnassus Ave  
San Francisco, CA 94143

Shelby Decosta  
SVP Strategy and Business Development, UCSF Health  
500 Parnassus Ave  
San Francisco, CA 94143

Office of Legal Affairs  
UC San Francisco  
745 Parnassus Avenue, Suite 216  
San Francisco, California 94143-0986  
Attn: Chief Campus Counsel

(b) Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of each Party and its permitted successors and assigns.

(c) Governing Law. This Agreement has been executed and delivered in, and shall be construed and enforced in accordance with, the laws of the State of California without regard to its conflicts of laws provisions. If applicable, this Agreement shall be construed in accordance with and governed by all applicable federal, California, and applicable county laws, and other rules and regulations of any and all governmental authorities and accrediting agencies relating to the transfer of patients, including without limitation EMTALA, the Consolidated Omnibus Budget Reconciliation Act (42 U.S.C. section 1395dd, also known as COBRA), the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320 through d-8, also known as HIPAA), California laws and regulations and The Joint Commission on Accreditation of Healthcare Organizations.

(d) Non-Assignment. No assignment of this Agreement or of the rights and obligations hereunder shall be valid without the specific written consent of the Parties, and, if required by this Agreement or under applicable law, the review and written approval of applicable regulatory agencies.

(e) Relationship of the Parties. None of the provisions of this Agreement is intended to create, nor shall be deemed or construed to create, any relationship between the Parties other than that of independent parties contracting with each other for the purpose of effecting the provisions of this Agreement. The Parties are not, and shall not be construed to be in a relationship of joint venture, partnership or employer-employee. No Party shall have the authority to make any statements, representations or commitments of any kind on behalf of the other Party without the prior written consent of the other Party.

(f) Costs. Each Party will be solely responsible for and bear all of its own costs and expenses, including, without limitation, fees and expenses of legal counsel, accountants and other advisors, incurred in connection with the negotiation of this Agreement and the Implementing Agreements.

(g) Public Statements and Disclosure; Use of Name; Co-Branding. The Parties will keep this Agreement, and all other information regarding the matters contemplated herein and in the Implementing Agreements (including financial terms, if any) confidential until mutual agreement is reached in writing on publicity, and all subsequent publicity by a Party will be cleared in writing in advance with all other Parties. To the extent that a Party believes that disclosure is required as a matter of law, such Party shall promptly advise the other in writing of the disclosure that it intends to make. If the Parties wish to announce their collaboration pursuant to this Agreement or any of the Implementing Agreements, they agree to work together on a joint announcement. Notwithstanding, the foregoing, no Party shall use the name or logo of another Party without its prior written permission. Specifically, pursuant to California Education Code Section 92000, SVH agrees that it shall not use UCSF's name, trademarks or other proprietary symbols, names and marks in any advertising or other promotional material without the prior written consent of UCSF. UCSF agrees that it shall not use the name, trademarks or other proprietary symbols, names and marks of SVH in any advertising or other promotional material without the prior written consent of SVH. To the extent that this Agreement contemplates joint clinical programs, the Parties may agree to

co-branding with explicit agreement from the Party whose logo and/or name is used and how the Parties will represent joint initiatives to the public. The Party whose logo and/or name is used under those circumstances may withdraw its consent at any time, and all other Parties shall cease using the logo and/or name upon receipt of written notice.

(h) Confidentiality. Each Party will keep, and will cause its affiliates, and its and their officers, directors, employees and agents to keep, strictly confidential, all information and documents which the other Parties, or their affiliates, or their respective officers, directors, employees and agents, may furnish (orally or in writing) in connection with this Agreement and the Implementing Agreements (the “Confidential Information”). Each Party and its representatives will use the Confidential Information for the purposes contemplated herein or in the Implementing Agreements, as applicable, and for no other purpose. Nothing in this Agreement shall preclude any Party from taking such action as it deems necessary to fulfill their legal obligations under the California Public Records Act and similar public disclosure statutes.

(i) Amendments. This Agreement and any Exhibit hereto may be amended only by a written instrument signed by the Parties. In the event that this Agreement violates any state or federal law applicable to tax-exempt financing now maintained by any Party or sought by any Party in the future, the Parties shall attempt to renegotiate the terms of this Agreement in good faith in order to conform to said laws. Any such renegotiation shall, unless the Parties agree otherwise, be limited to those provisions that must be changed in order to obtain or maintain such financing. Unless renegotiation is accomplished by the good faith efforts of the Parties within sixty (60) days after written notice by any Party to the other Parties of the need for such renegotiation, any Party may immediately terminate this Agreement at the expiration of such sixty (60) day period.

(j) Entire Agreement. All Exhibits referred to herein shall be deemed to be incorporated herein by reference. This Agreement and its Exhibits, and all Implementing Agreements with their respective Exhibits, represents the entire agreement of the Parties relating to the subject matter hereof. In the event that any provision of this Agreement conflicts with the terms of any Exhibit to this Agreement, the terms of the Exhibit shall control with respect to the subject matter of such Exhibit.

(k) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Electronic signature pages shall constitute original signature pages for the purposes hereof.

(l) Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall either be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

(m) No Prohibited Inducements or Remuneration on Account of Referrals or Other Business. The Parties each shall assure that no prohibited remuneration is promised or made on account of the volume or value of referrals made by any Party to the arrangements contemplated by the Shared Vision, or the value or volume of business otherwise generated under the Shared Vision, and that referrals by participating physicians are made in accordance with established clinical standards that do not reward those physicians based on the value or volume of referrals made or business generated.

(n) Waiver. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a Party must be in writing, and shall apply only to the specific instance expressly stated.

(o) Dispute Resolution. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Sonoma County before a single arbitrator in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration. Any award rendered by the arbitrator shall be final and binding on the parties. Judgment on the award may be entered in any court having jurisdiction. The costs of any such arbitration shall be borne equally by the Parties. This clause shall not preclude the Parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. During the pendency of any such arbitration and until final judgment thereon has been entered, this Agreement shall remain in full force and effect unless otherwise terminated as provided herein. The provisions of this Section shall survive expiration or other termination of this Agreement, regardless of the cause of such termination.

(p) Change in Law. In the event that a change in state or federal law, statute, regulation, or enforcement of some materially affects this Agreement in a manner which is adverse to any Party to this Agreement, the Parties agree to negotiate immediately, in good faith, any necessary or appropriate amendment(s) to the terms of this Agreement. If the Parties fail to reach a mutually agreeable amendment within thirty (30) days of such negotiation period, the Party who is adversely affected may terminate this Agreement at the end of such thirty (30) day period.

(q) Third Parties. This Agreement is not intended and shall not be construed to create any rights for any third Party.

(r) Force Majeure or Commercial Impracticability. Any Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the reasonable control and without the fault of such Party including, without limitation, acts of God such as fire, flood, earthquake; acts of government (i.e., civil injunctions or enacted statutes and regulations); or acts or events caused by third parties such as riot, strike, or explosion; or inability due to any of the aforementioned causes to obtain necessary labor, materials or facilities. This provision shall not, however, extend the term or release such Party from using its reasonable commercial efforts to avoid or remove such cause and such Party shall continue performance hereunder promptly whenever such causes are removed. Upon claiming any such excuse or delay in performance, such Party shall give prompt notice thereof to the other Parties,

provided that failure to give such notice shall not in any way limit the operation of this provision.

(s) Captions. The captions contained herein are used solely for convenience and shall not be deemed to define or limit the provisions of this Agreement.

(t) Non-Discrimination. The Parties agree to treat in a nondiscriminatory manner any and all patients receiving medical benefits or assistance under any federal health care program.

(u) Regulations and Standards. The Parties shall comply with all applicable federal and state regulations and The Joint Commission standards.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed as of the Effective Date.

**UCSF**

The Regents of the University of California,  
on behalf of UCSF Health

By: \_\_\_\_\_  
Name:  
Title:

**SVHCD**

Sonoma Valley Health Care District

By: \_\_\_\_\_  
Name: Kelly Mather  
Title: President and CEO

**Exhibit 1**

**Joint Operating Committee Initial Members**

UCSF:

Shelby Decosta, SVP Strategy and Business Development  
Adrienne Green, MD, Chief Medical Officer, Adult Services

[ ]

Sonoma Valley Hospital:

Kelly Mather, President and CEO

[ ]

[ ]

**Exhibit 2(a)(i)**

**Form of Medical Director Agreement**

[Attached]



**Exhibit 2(a)(ii)**

**Form of Trademark Agreement**

[Attached]

## **Exhibit 6(a)**

### **SVH Insurance Requirements**

SVH, at its sole cost and expense, shall insure its activities in connection with this Agreement, and obtain, keep in force and maintain insurance as follows:

1. Professional Medical Liability Insurance with financially-sound and reputable companies with limits of three million dollars (\$3,000,000) per occurrence and a general aggregate of ten million dollars (\$10,000,000). If such insurance is written on a claims-made form, it shall continue for three (3) years following termination of this Agreement. The insurance shall have a retroactive date prior to coinciding with the effective date of this Agreement. In the event that a claims-made policy is canceled or non-renewed, then SVH shall obtain extended reporting (tail) coverage for the remainder of the three (3) year period.
2. Commercial General Liability Insurance (contractual liability included) with a limit of one million dollars (\$1,000,000) per occurrence and a general aggregate of five million dollars (\$5,000,000). If such insurance is written on a claims-made form, it shall continue for five (5) years following termination of this Agreement. The insurance shall have a retroactive date prior to or coinciding with the Effective Date of this Agreement. In the event that a claims-made policy is canceled or non-renewed, then SVH shall obtain extended reporting (tail) coverage for the remainder of the three (3) year period.
3. Workers' Compensation Insurance in a form and amount covering SVH's full liability as required by law under the Workers' Compensation Insurance and Safety Act of the State of California as amended from time to time.
4. Such other insurance in such amounts which from time to time may be reasonably required by the mutual consent of the Parties against other insurance risks relating to performance.

It is expressly understood, however, that the coverages required under this Agreement shall not in any way limit the liability of SVH.

The coverage referred to above shall be endorsed to include UCSF as an additional insured. Such a provision, however, shall only apply in proportion to and to the extent of the negligent acts or omissions of SVH, its officers, agents, and/or employees. SVH, upon execution of this Agreement, shall furnish UCSF with Certificates of Insurance evidencing compliance with all requirements. Certificates shall further provide for reasonable advance written notice to UCSF of any modification, change or cancellation of any of the above insurance coverages.

## **Exhibit 6(b)**

### **UCSF Insurance Requirements**

UCSF, at its sole cost and expense, shall insure its activities in connection with this Agreement, and obtain, keep in force and maintain insurance as follows:

1. Professional Medical Liability Insurance with financially-sound and reputable companies with limits of three million dollars (\$3,000,000) per occurrence and a general aggregate of ten million dollars (\$10,000,000). If such insurance is written on a claims-made form, it shall continue for three (3) years following termination of this Agreement. The insurance shall have a retroactive date prior to coinciding with the effective date of this Agreement. In the event that a claims-made policy is canceled or non-renewed, then UCSF shall obtain extended reporting (tail) coverage for the remainder of the three (3) year period.
2. Commercial General Liability Insurance (contractual liability included) with a limit of one million dollars (\$1,000,000) per occurrence and a general aggregate of five million dollars (\$5,000,000). If such insurance is written on a claims-made form, it shall continue for five (5) years following termination of this Agreement. The insurance shall have a retroactive date prior to or coinciding with the Effective Date of this Agreement. In the event that a claims-made policy is canceled or non-renewed, then UCSF shall obtain extended reporting (tail) coverage for the remainder of the three (3) year period.
3. Workers' Compensation Insurance in a form and amount covering UCSF's full liability as required by law under the Workers' Compensation Insurance and Safety Act of the State of California as amended from time to time.
4. Such other insurance in such amounts which from time to time may be reasonably required by the mutual consent of the Parties against other insurance risks relating to performance.

It is expressly understood, however, that the coverages required under this Agreement shall not in any way limit the liability of UCSF.

The coverage referred to above shall be endorsed to include UCSF as an additional insured. Such a provision, however, shall only apply in proportion to and to the extent of the negligent acts or omissions of UCSF, its officers, agents, and/or employees. UCSF, upon execution of this Agreement, shall furnish UCSF with Certificates of Insurance evidencing compliance with all requirements. Certificates shall further provide for reasonable advance written notice to UCSF of any modification, change or cancellation of any of the above insurance coverages.

## MEDICAL DIRECTOR AGREEMENT

This Medical Director Agreement (“**Agreement**”) is entered into as of [\_\_\_\_\_] (the “**Effective Date**”), by and between SONOMA VALLEY HEALTH CARE DISTRICT (“**SVHCD**”) and THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, on behalf of UCSF Health (“**UCSF**”). SVH and UCSF are each sometimes referred to herein as a “**Party**” or, collectively, as the “**Parties**.”

### RECITALS

A. SVHCD owns and operates Sonoma Valley Hospital (“**SVH**”), a licensed general acute care hospital located in Sonoma, California, that serves Sonoma Valley (the “**Sonoma Community**”).

B. SVH is in need of an experienced, qualified physician to serve as a medical director for the Hospital’s clinical services as the Parties may agree (the “**Programs**”).

D. UCSF employs physicians who are experienced in their respective specialty, licensed to practice medicine in the State of California, qualified to provide the services required under this Agreement.

E. SVH wishes to contract with UCSF, and UCSF wishes to contract with SVH, to provide services of a chief medical officer (the “**Medical Director**”), upon the terms and conditions set forth in this Agreement.

F. SVH has considered the following factors in determining the necessity and amount of compensation payable to UCSF pursuant to this Agreement: (1) the nature of UCSF’s duties as contemplated by this Agreement; (2) UCSF’s qualifications; (3) the benefits to SVH’s patients resulting from UCSF’s performance of the services described in this Agreement; and (4) the economic conditions locally and in the health care industry generally.

NOW, THEREFORE, the parties agree as follows:

### AGREEMENT

#### **Section 1. Duties of UCSF.**

During the term of this Agreement, UCSF shall perform and comply with, or, as applicable, cause one or more physicians (each, a “**Physician**,” and, collectively, the “**Physicians**”) to perform and comply with, all duties, responsibilities, conditions and covenants set forth in this Agreement, including but not limited to the following:

1.1 **Medical Director Services.** UCSF shall appoint a Physician, approved by SVH, to serve as Medical Director. Such Medical Director shall be responsible for the overall supervision of medical services in the Hospital and shall perform the specific duties and responsibilities set forth in **Exhibit 1.1** (the “**Medical Director Services**”), attached hereto.

1.2 **Monthly Time Logs.** The Medical Director will complete and submit a Physician Effort Report (PER) on a monthly basis, describing his Medical Director activities for the previous month. The Medical Director shall provide services 5 days per month (40 hours per month). Failure to submit a monthly PER may result in reduced payment under the terms of this agreement.

1.3 **Professional Qualifications.** Each Physician providing services under this Agreement shall at all times:

- a. Hold an unrestricted license to practice medicine in the State of California;
- b. Be permitted to prescribe medications and hold a valid DEA permit;
- c. Be eligible to provide services to beneficiaries under the Medicare and Medi-Cal programs as a participating provider.

1.4 **Representations.** UCSF represents to SVH that to the best of its knowledge:

a. Neither UCSF nor any Physician is bound by any agreement or arrangement which would preclude UCSF from entering into, or any Physician from fully performing the services required under, this Agreement;

b. No Physician's license to practice medicine in the State of California or in any other jurisdiction has ever been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;

c. No Physician's medical staff privileges at any health care facility has ever been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;

d. Neither UCSF nor any Physician has ever been convicted of an offense related to health care, or listed by the Medicare or Medi-Cal Programs or any other federal or state agency as debarred, excluded or otherwise ineligible for federal or state program participation; and

e. UCSF has no information that would reasonably indicate that any Physician is unable to perform the services required under this Agreement.

1.5 **Compliance with Rules and Laws.** UCSF shall ensure to the best of its ability that each Physician shall at all times comply with all applicable federal, state and local laws, rules and regulations in the performance of the Medical Director Services.

1.6 **Excluded Providers.** Neither UCSF nor any Physician shall employ or contract with individuals to provide Medical Director Services who are sanctioned, excluded from participation in the Medicare, Medi-Cal, or any federal health care program and shall verify the status of all such persons prior to and periodically during their employment or contract term. Any persons contracted or employed by UCSF providing services under this Agreement or any Physician providing services under this Agreement who becomes so sanctioned or excluded

during the term of this Agreement shall be immediately excluded from providing any services for UCSF or any Physician and such person's contract or employment related to the services under this Agreement, as applicable, shall be immediately terminated.

1.7 **Medical Records.** Any and all patient records and charts produced as a result of either Party's performance under this Agreement shall be and remain the sole property of SVH. Both during and after the term of this Agreement, UCSF or any Physician shall be permitted to inspect and/or duplicate, at UCSF's or Physician's expense, any individual chart or record to the extent such individual chart or record is: (1) necessary to meet professional responsibilities to such patient(s); (2) to assist in the defense of any malpractice or similar claim to which such chart or record may be pertinent; (3) relevant to any disciplinary action; and (4) professional fee billing; provided, however, that any such inspection or duplication shall be conducted in accordance with applicable legal requirements and pursuant to commonly accepted standards of patient confidentiality. UCSF and each Physician shall be solely responsible for maintaining patient confidentiality with respect to any information obtained by UCSF pursuant to this Section 1.7. This provision shall survive the termination of this Agreement for any reason.

1.8 **Use of SVH Facilities.** Any facilities, equipment, supplies, or personnel provided by SVH shall be used by UCSF and Physicians solely to provide services under this Agreement and shall not be used for any other purpose whatsoever. Physician shall not use any part of the space that SVH designates for Physician as an office for the Physician's private practice of medicine, except in an emergency or with SVH's prior written consent, which SVH may withhold, condition or delay in its sole discretion. This Agreement shall not be construed as a lease to UCSF or any Physician of any portion of SVH's facilities; insofar as UCSF or its Physicians may use a portion of the SVH facilities, UCSF or its Physicians do so as a licensee only, and SVH shall at all times have full and free access to the same.

1.9 **Expenses.** Neither UCSF nor any Physician shall incur any expenses or financial obligation on behalf of SVH, without prior written consent, which consent shall be in SVH's sole and absolute discretion. Except as expressly set forth herein, UCSF shall be responsible for all Physician expenses related to the performance of Physician's duties under this Agreement including, but not limited to, the following: (a) Physician and Physician's compensation and benefits; (b) professional license fees and professional association membership fees and dues; (c) entertainment and promotion; (d) professional conventions and meetings; (e) professional liability insurance; (f) travel and lodging; and (g) all compensation attributable to any employees, subcontractors, or any back-up physicians engaged by UCSF.

1.10 **Nondiscrimination.** UCSF and each Physician shall provide services under this Agreement without regard to any SVH patient's race, color, age, creed, sex, national origin, ancestry, marital status, sexual orientation, handicap or financial status. Neither UCSF nor any Physician shall reduce or limit medically necessary services to any patient, including Medicare or Medi-Cal beneficiaries on the basis of SVH patient's race, color, age, creed, sex, national origin, ancestry, marital status, sexual orientation, handicap or financial status.

1.11 **Anti-Referral Laws.** Nothing in this Agreement, nor any other written or oral agreement, nor any consideration in connection with this Agreement, contemplates or requires or is intended to induce or influence the admission or referral of any patient to or the generation of

any business between UCSF or any Physician and SVH. This Agreement is not intended to influence UCSF or any Physician's judgment in choosing the medical facility appropriate for the proper care and treatment of their patients. UCSF and Physicians shall be entitled to refer patients to any hospital or other health care facility or provider deemed by UCSF or a Physician best qualified to deliver medical services to any particular patient. UCSF's rights under this Agreement shall not be dependent in any way on the referral of patients to SVH by UCSF or any Physician.

1.12 **Removal of Physician.** SVH may require removal and replacement of a Physician at any time upon 3 months written notice to UCSF for cause upon written notice to SVH specifying the reasons thereof. Cause shall mean:

a. Failure of Physician to meet any of the requirements of Section 1.3 (Professional Qualifications);

b. The disability of Physician (for purposes of this Agreement, "disability" shall mean a physical or mental condition, verified by a physician, that prevents, or is substantially certain to prevent, Physician from carrying out one or more of the essential functions of Physician's position, with or without reasonable accommodation, for an indefinite period, or if otherwise an undue hardship to SVH);

c. Physician uses, possesses, or is found under the influence of alcohol, drugs or other controlled substances at the work place and while on duty, unless in accordance with a physician's prescription, or is otherwise in violation of SVH's drug-free workplace rules;

d. Conviction of any health care or fraudulent misrepresentation-related crime or any crime punishable as a felony by Physician;

e. Physician's unauthorized disclosure of patient information as described in Section 7.1 (Patient Information) or Confidential Information as defined in Section 6.1 (SVH Information);

f. Violation by Physician of other applicable SVH policies;

g. Any act or omission by a Physician that appears to create the risk of danger to the health of any individual;

h. Failure to abide by any of the terms and conditions of this Agreement applicable to Physicians; or

i. All other situations that place patients under any type of potential harm or risk.

1.13 **Successor Medical Director.** If the Medical Director (i) is removed from providing the Medical Director Services to SVH in accordance with this Agreement or (ii) fails to or is reasonably anticipated to be unable to provide the Medical Director Services for a period of thirty (30) consecutive days or sixty (60) days in the aggregate over any three (3) month

period for any reason, then UCSF shall designate a replacement Physician to serve as Medical Director, subject to the prior written approval of SVH.

**Section 2. Duties of SVH.** During the term of this Agreement, SVH shall perform and comply with all duties and responsibilities, conditions and covenants set forth in this Agreement, including but not limited to the following:

2.1 **Equipment, Supplies, Etc.** SVH shall provide and maintain all customary and necessary facilities, equipment, supplies, maintenance, utilities and personnel reasonably required for operation of the Hospital. The selection, deletion and purchasing of additional or replacement equipment and the selection, removal and retention of personnel shall be the exclusive function of SVH.

2.2 **Responsibility for Service.** SVH shall retain professional responsibility for the services rendered to patients in the Hospital.

**Section 3. Compensation and Billing.**

3.1 **Compensation for Services** [TO BE DISCUSSED]

a. **Rates for Medical Director Services.** For all Medical Director Services rendered by Physicians during the Term, SVH shall pay to UCSF, on or before the deadline set forth below, an amount equal to [TBD – Subject to FMV] per hour (“**Services Compensation**”) for Medical Director Services performed in the immediately preceding month, subject to a maximum annual compensation of [TBD – Subject to FMV]. SVH’s obligation to pay UCSF the Services Compensation is conditioned on UCSF’s proper maintenance and SVH’s timely receipt of true and accurate monthly reports that detail to SVH’s satisfaction the date, time, number of hours and description of activities of the UCSF Physician in performing the Medical Director Services. The Services Compensation shall be due and payable monthly within fifteen (15) business days after SVH’s receipt of UCSF’s invoice and other information set forth above for the Medical Director Services provided during the preceding month. Unless set forth otherwise in such invoice, payment shall be sent by check payable to “The Regents of the University of California” to the following address:

[\_\_\_\_\_]

b. **Fair Market Value Limitation.** The Parties acknowledge and agree that such aggregate cash compensation set forth in this Agreement represents commercially reasonable fair market value compensation for the Medical Director Services provided hereunder as of the Effective Date. The Parties shall review the Medical Director Services provided by UCSF hereunder at least once every three (3) years and confirm, in writing, that: (i) SVH continues to require the Medical Director Services provided hereunder; (ii) the total compensation paid to UCSF pursuant to the corresponding Section 3.1 is consistent with the fair market value of the Medical Director Services provided; and (iii) the Medical Director Services are commercially reasonable.

3.2 **Compensation for Professional Services to Patients.** SVH is not compensating UCSF for UCSF’s or any Physician’s professional services to patients. UCSF and each Physician



shall look solely to the responsible patients and third party payors (and not to SVH) for compensation for all professional services to patients. Neither UCSF nor any Physician shall bill patients (or responsible third party payors) for services provided to SVH under this Agreement.

3.3 **Tax Reporting.** To the extent required by law, SVH shall report all payments to UCSF under this Agreement on IRS Form 1099 and its state law counterpart.

#### **Section 4. Term.**

4.1 **Term.** The term of this Agreement shall be five (5) years commencing on the Effective Date of this Agreement unless terminated earlier pursuant to Section 4.2 hereof (the “**Term**”), and will automatically renew on an annual basis.

#### 4.2 **Early Termination.**

a. **Termination without Cause.** Either Party may terminate this Agreement without cause upon nine (9) months’ prior written notice to the other Party.

b. **Termination for Material Breach.** In the event of a material breach of this Agreement, any party may terminate this Agreement by giving written notice of termination to the breaching party, which termination shall be effective immediately upon delivery or as otherwise specified in such notice; provided, however, that if the nature of the breach is such that it can be reasonably cured, said notice shall specify the nature of such breach, and shall further state that the breaching party shall have thirty (30) days from the effective date of such notice to cure such breach, at which time, if the breach is not cured, this Agreement shall be terminated.

c. **Legal Jeopardy.** The Compliance Officer of either party, on advice of legal counsel, may terminate this Agreement at any time upon notice to the other party based upon a determination, in the Compliance Officer’s reasonable discretion, that this Agreement presents a compliance risk for such party.

#### 4.3 **Effect of Expiration or Termination.**

a. **Termination of Obligations.** Except as otherwise provided in this **Section 4.3**, upon expiration or other termination of this Agreement, the Parties shall be relieved and released from any further duties and obligations under this Agreement.

b. **Pre-Termination Services.** SVH shall pay UCSF within fifteen (15) days after termination any unpaid monthly payment, with such monthly payment prorated on a daily basis if the termination date occurs on a date other than the last day of the month, due for any period prior to the termination date.

c. **Liability for Breach.** A termination by any Party as a result of a material breach by the other Party shall not be an exclusive remedy, and the non-breaching Party shall be entitled to pursue other remedies for such breach available at law or in equity.

d. **Vacating Premises and Removing Property.** Upon expiration or termination of this Agreement and upon the request of SVH, UCSF shall cause all Physicians to

immediately vacate any portion of SVH premises used solely for the purposes of carrying out the obligations under this Agreement and remove any and all of their personal property and shall immediately return to SVH all of SVH's property, including SVH's equipment, supplies, furniture, furnishings and patient records, which is in UCSF's or a Physician's possession or under UCSF's or a Physician's control. Any UCSF or Physician personal property that is removed as required hereunder may be removed by SVH at UCSF's expense.

e. **Survival.** The provisions of **Sections 1.7** (Medical Records), **4** (Term), **5** (Independent Contractor Relationship), **6** (Confidentiality), and **9** (Indemnification) shall survive termination of this Agreement.

**Section 5. Independent Contractor Relationship.** In performing the services described in this Agreement, UCSF and each Physician are acting as independent contractors, and shall not be considered employees, joint venturers or partners of SVH for any purpose whatsoever. SVH shall neither have nor exercise any control or direction over the methods by which UCSF or any Physician shall perform the services required under this Agreement. Nothing in this Agreement is intended nor shall be construed to create a partnership, employer-employee or joint venture relationship between SVH, UCSF or any UCSF Physician. The sole interest and responsibility of SVH is to assure that such services are performed in a competent, efficient and satisfactory manner. UCSF shall at all times relevant to the performance of services under this Agreement remain the sole employer of each Physician, and neither UCSF nor any Physician shall have any claim under this Agreement or otherwise against SVH for compensation of any kind for workers' compensation, severance pay, vacation pay, sick leave, retirement benefits, health plan benefits, Social Security benefits, disability insurance benefits, unemployment insurance benefits or any other benefits of any kind. UCSF agrees that it shall do the following: withhold FICA (Social Security) from payments to Physicians; make state or federal unemployment insurance contributions on Physicians' behalf; withhold state and federal income tax from payments to Physicians; make disability insurance contributions on behalf of Physicians; and maintain workers' compensation insurance on behalf of Physicians, as required by law. UCSF and/or each Physician, as the case may be, shall be solely responsible for, and shall indemnify, defend and hold SVH harmless from and against any claim, liability or expense related to any and all income tax withholding, estimated income tax, social security tax, self-employment tax, unemployment tax or any other tax obligations related to the compensation payable by SVH to UCSF under this Agreement and the compensation payable by UCSF to any Physician employed, contracted or engaged by UCSF.

**Section 6. Confidentiality.**

6.1 **SVH Information.** UCSF recognizes and acknowledges that, by virtue of entering into this Agreement and providing services to SVH hereunder, UCSF and Physicians may have access to certain information of SVH that is confidential and constitutes valuable, special and unique property of SVH, including without limitation information and data relating to payor contracts and accounts, clients, patients, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Confidential Information**"). Confidential Information is the property of SVH and used in the course of SVH's business, and shall be proprietary information protected under the Uniform Trade Secrets Act, if applicable. UCSF agrees that, except as required by law,

neither UCSF nor any Physician will at any time, either during or subsequent to the term of this Agreement, disclose, without SVH's consent, to others, or copy or permit to be copied, any Confidential Information, or use any Confidential Information other than in the course of providing services under this Agreement. The parties acknowledge that UCSF is a California constitutional corporation subject to California Government Code Section 6250, et seq. also known as the California Public Records Act ("Act") and that all records and files of UCSF except those that may be excepted by the Act are available to any member of the public who makes a request pursuant to the Act.

## **Section 7. Privacy**

7.1 **Patient Information.** Neither UCSF nor any Physician shall disclose to any third party, except where permitted or required by law or where such disclosure is expressly approved by SVH in writing, any patient or medical record information regarding SVH or SVH's patients, and UCSF and each Physician shall comply with all federal and state laws and regulations, and all rules, regulations, and policies of SVH, regarding the confidentiality of such information, including, but not limited to, the Health Insurance Portability and Accountability Act (HIPAA) (45 C.F.R. Part 160, et seq.) and the Confidentiality of Alcohol and Drug Abuse Patient Records Act (42 C.F.R. Part 2), as amended from time to time. Concurrently with execution of this Agreement, UCSF and SVH shall enter into a business associate agreement (a "Business Associate Agreement") substantially in the form attached hereto as Exhibit 7.1.

7.2 **Notification of Disclosures.** Each Party agrees to notify the other Party's Privacy Office of the unauthorized access, use, or disclosure of any personally identifiable information, or protected health information known or suspected by such Party within two business days of learning of the same in order to ensure that the reporting of such unauthorized access, use or disclosure of this information is reported within five days of detection to the California Department of Public Health (CDPH) and as appropriate, to the Office for Civil Rights (OCR) and Centers for Medicare and Medicaid Services (CMS). Each Party's Privacy Office will oversee the required notification to CDPH.

## **Section 8. Notices.**

Any notices or other communications permitted or required by this Agreement shall be deemed made on the day personally delivered in writing or three days after mailed by certified mail (or other traceable carrier – e.g., FedEx), postage prepaid, to the other party at the address set forth below or to such other persons and addresses as either Party may designate in writing:

If to SVH: Kelly Mather  
President and CEO  
Sonoma Valley Hospital  
347 Andrieux Street  
Sonoma, CA 95476

If to UCSF: Shelby Decosta  
Chief Strategy Officer  
UCSF Health

500 Parnassus Ave MU512E  
San Francisco, CA 94143

With a copy to:                   Attn: Chief Campus Counsel  
  UCSF Office of Legal Affairs  
  745 Parnassus Avenue, 2nd Floor  
  San Francisco, CA 94143-0986

**Section 9.     Indemnification.**

Each Party agrees to indemnify, defend and hold harmless the other Party and each of such other Party's officers, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including reasonable attorneys' fees), arising out of the performance of this Agreement, but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from (a) a breach of this Agreement, or (ii) the negligent or intentional acts or omissions of a Party, its officers, agents (other than the other Party), or employees.

**Section 10.    Insurance.**

10.1   **SVH Insurance.** SVH, at its sole cost and expense, shall insure its activities in connection with this Agreement, and obtain, keep in force and maintain insurance as follows:

10.1.1 Professional Medical Liability Insurance with financially-sound and reputable companies with limits of one million dollars (\$1,000,000) per occurrence and a general aggregate of three million dollars (\$3,000,000). If such insurance is written on a claims-made form, it shall continue for three (3) years following termination of this Agreement. The insurance shall have a retroactive date prior to coinciding with the effective date of this Agreement. In the event that a claims-made policy is canceled or non-renewed, then SVH shall obtain extended reporting (tail) coverage for the remainder of the five (5)-year period. With respect to Medical Director Services provided under this Agreement, Medical Director shall be included in SVH's standard policy of insurance in amounts of \$1,000,000 per claim/\$3,000,000 annual aggregate. This insurance shall be applicable only to Medical Director's Medical Director Services hereunder, and not to professional services provided to UCSF's or Medical Director's patients. The coverage required under this Section 1 shall include any tail coverage necessary or appropriate to fully insure all Medical Director Services provided under this Agreement during the Term.

10.1.2 Comprehensive or Commercial Form General Liability Insurance (contractual liability included) with a limit of one million dollars (\$1,000,000) per occurrence and a general aggregate of three million dollars (\$3,000,000). If such insurance is written on a claims-made form, it shall continue for three (3) years following termination of this Agreement. The insurance shall have a retroactive date prior to or coinciding with the effective date of this Agreement.

10.1.3 Workers' Compensation Insurance in a form and amount covering SVH's full liability as required by law under the Workers' Compensation Insurance and Safety Act of the State of California as amended from time to time.

It should be expressly understood, however, that the coverages required under this Agreement shall not in any way limit the liability of SVH.

The coverage referred to in Section 10.1.2 above shall be endorsed to include UCSF as an additional insured. Such a provision, however, shall only apply in proportion to and to the extent of the negligent acts or omissions of SVH, its officers, agents, and/or employees. SVH, upon execution of this Agreement, shall furnish UCSF with Certificates of Insurance evidencing compliance with all requirements. Certificates shall further provide for thirty (30) days' advance written notice to UCSF of any modification, change or cancellation of any of the above insurance coverages.

## 10.2 **UCSF Physician's Insurance.**

UCSF warrants that it maintains a program of self-insurance that covers its activities in connection with this Agreement as follows:

10.2.1 Professional Medical Liability Insurance with self-insured retention of not less than one million dollars (\$1,000,000) per occurrence and a general aggregate of three million dollars (\$3,000,000).

10.2.2 Comprehensive General Liability Insurance with self-insured retention of not less than one million dollars (\$1,000,000) per occurrence and a general aggregate of three million dollars (\$3,000,000).

10.2.3 Worker's Compensation Liability Insurance with self-insured retention in amounts required by the State of California.

It should be expressly understood, however, that the coverages required under this Agreement shall not in any way limit the liability of UCSF.

The coverage referred to in Section 10.2.2 above shall be endorsed to include SVH as an additional insured. Such a provision, however, shall only apply in proportion to and to the extent of the negligent acts or omissions of UCSF, its officers, agents, and/or employees. UCSF, upon execution of this Agreement, shall furnish SVH with Certificates of Insurance evidencing compliance with all requirements. Certificates shall further provide for thirty (30) days' advance written notice to SVH of any modification, change or cancellation of any of the above insurance coverages.

## **Section 11. Miscellaneous.**

11.1 **No Waiver.** No waiver of a breach of any provision of this Agreement shall be construed to be a waiver of any breach of any other provision.

11.2 **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision.

11.3 **Assignability.** Neither Party may assign any of its rights and obligations under this Agreement without obtaining the prior written consent of the other Party.

11.4 **Use of Names and Logos.** Except as set forth in the License Agreement, neither Party shall be permitted to use the other's name, logo or corporate identity for any purpose without the prior written consent of the Party whose name, logo or corporate identity is to be used. SVH shall not advertise or use any of the UCSF Physician's names in any marketing materials without UCSF's prior written consent. The Parties agree that any use of the "UCSF," or the "University of California" name or other similar references to the University of California San Francisco, its physicians or facilities, shall be subject to the prior written approval of The Regents of the University of California in accordance with the provisions of applicable law, including but not limited to California Education Code Section 92000.

11.5 **No Third Party Rights.** The Parties do not intend the benefits of this Agreement to inure to any third person not a signatory to this Agreement. Notwithstanding anything contained herein, or any conduct or course of conduct by any Party to this Agreement, before or after signing this Agreement, this Agreement shall not be construed as creating any right, claim or cause of action against either Party by any person or entity not a Party to this Agreement.

11.6 **Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California.

11.7 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

11.8 **Force Majeure.** Neither Party to this Agreement shall be liable for any delay or failure in the performance of any obligation under this Agreement to the extent that such delay or failure results from any contingency, which is beyond the control of such Party, provided such contingency is not caused by the fault or negligence of such Party. Such a contingency for the purpose of this Agreement shall include without limitation fire, earthquake, war, public disorder, strike or other labor disturbance.

11.9 **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes any prior negotiations or agreements between the Parties.

11.10 **Headings.** The section headings set forth in this Agreement are for convenient reference only, and shall have no bearing on the construction or interpretation of this Agreement.

11.11 **Amendments.** Amendments to this Agreement shall be made only in writing duly executed by both Parties hereto.

11.12 **Exhibits.** The attached exhibits, together with all documents incorporated by reference in the exhibits, form an integral part of this Agreement and are incorporated into this

Agreement wherever reference is made to them to the same extent as if they were set out in full at the point at which such reference is made.

11.13 **Execution.** By their signatures below, each of the following represent that they have the authority to execute this Agreement and to bind the Party on whose behalf their execution is made.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the dates set forth below.

**UCSF:**

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, on behalf of UCSF Health:**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Reviewed and Approved by Department Chair:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

**SVH:**

**SONOMA VALLEY HEALTH CARE DISTRICT**

By: \_\_\_\_\_

Its: \_\_\_\_\_

## **EXHIBIT 1.1**

### **MEDICAL DIRECTOR SERVICES**

The Medical Director shall be responsible to perform the Medical Director Services set forth below and such other services as the Parties may agree.

#### **Administrative Duties**

1. Provide general oversight, direction and coordination of the patient care services, quality control programs, cost-efficiency programs, peer review process, physician recruiting activities, physician retention services, and other customary services specific to SVH as necessary or appropriate.
2. Provide oversight for SVH service and site specific medical directors including reviewing quarterly reports and coordinating annual performance evaluations.
3. Assist Sonoma Valley Hospital in assuring operational compliance with applicable rules, regulations and guidelines as established by the federal, state, and local governments. Assist Sonoma Valley Hospital in developing and implementing new plans for maintaining compliance as these rules, regulations and guidelines are revised.
4. Participate in Sonoma Valley Hospital medical staff, and, as appropriate, other committees. Committees to include but not limited to Medical Executive Committee, Medicine Committee, Surgery Committee and the Performance Improvement Committee. In addition, attends the Board Quality Committee meeting.
5. Provide appropriate and sufficient availability for consultation with SVH leadership, medical and other staff, as needed. Is a member of the SVH Administrative team.
6. Act as physician liaison for the SVH medical staff, when appropriate.
7. Submit an annual fiscal year-end report of the operation and status of the program, including: (1) accomplishments; (2) data supporting quality, experience, operational and value goals; (3) identified areas for improvement; and (4) performance against state and national benchmarks.
8. Participate in community education at least once a year
9. Consult, as necessary, with medical staff and administrative staff regarding the current and new technology, equipment and supplies pertaining to the needs of SVH.
10. Meet not less than once each month with the UCSF CMO for Adult Services and the SVH Hospital Chief Executive Officer or a designee, to assure thorough communication, including concerns and problems regarding personnel, physicians, patient complaints, potential liability,



program performance against metrics and what has been accomplished in performance of the duties as defined.

#### Quality, Safety, Experience and Value Programs

1. Assist in the development, collection and evaluation of data for use in the development of practice guidelines, quality improvement, cost-control, formulary, order sets and other programmatic functions, as applicable.
2. In coordination with SVH's quality, safety, risk and case management departments, perform chart review and monitor, evaluate and report the quality, safety and appropriateness (e.g. LOS) of patient care services provided at SVH.
3. Set and achieve annual quality, safety and patient experience goals. Review metrics at least monthly and develop improvement work in coordination with medical and administrative staff.
4. With assistance from SVH staff, monitor and evaluate the current care delivery system to ensure the coordination of high quality cost effective medical services. If such evaluation reveals an opportunity, then Medical Director will assist in ensuring that the modification of such systems are coordinated with the activities of other staff, support services, and departments.
5. As needed, assist in the design, development, and implementation of patient information forms, medical record forms, and consent forms that impact patient care.
6. Assist in identifying clinical focused cost containment and value improvement opportunities.

#### Medical Director Services related to Peer Review

1. Assist and participate in establishing or modifying a peer review process to evaluate clinical competence and skills of physicians at SVH.
2. Evaluate clinical competency and skills of physicians through the peer review process.
3. Advise SVH with respect to selection, retention, and termination of all non-physician personnel who may be required for the proper operation of SVH; provided, however that SVH shall retain the ultimate decision-making authority regarding the section, retention, and termination of all such personnel.

## Exhibit 7.1

### Business Associate Agreement

**THIS BUSINESS ASSOCIATE AGREEMENT** (this “**Agreement**”) is made and entered into as of [\_\_\_\_\_] (the “**Effective Date**”) by and between SONOMA VALLEY HEALTH CARE DISTRICT dba SONOMA VALLEY HOSPITAL (“**Covered Entity**”) and THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, on behalf of UCSF Health (“**Business Associate**”).

**WHEREAS**, Business Associate will provide Covered Entity with certain services (the “**Services**”) as set forth more fully in the Medical Director Agreement between Covered Entity and Business Associate of even date herewith (the “**Services Agreement**”);

**WHEREAS**, Covered Entity and Business Associate are required to meet the requirements of the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191 (the “**Act**”), the privacy standards adopted by the U.S. Department of Health and Human Services (“**HHS**”) as they may be amended from time to time, 45 C.F.R. parts 160 and 164, subparts A and E (the “**Privacy Rule**”), the security standards adopted by HHS as they may be amended from time to time, 45 C.F.R. parts 160 and 164, subparts A and C (the “**Security Rule**”), and the Privacy provisions (Subtitle D) of the Health Information Technology for Economic and Clinical Health Act, Division A, Title XIII of Pub. L. 111-5, and its implementing regulations (the “**HITECH Act**”), due to their status as a “covered entity” or a “business associate” under the Act. (The Act, the Privacy Rule, the Security Rule, and the HITECH Act are collectively referred to as “**HIPAA**” for the purposes of this Agreement.);

**WHEREAS**, in order to provide the Services under the Services Agreement, Covered Entity may disclose to Business Associate certain Protected Health Information (“**PHI**”); and

**WHEREAS**, the parties desire to enter into this Agreement to protect the privacy, and provide for the security, of PHI disclosed by Covered Entity to Business Associate and to satisfy certain requirements in compliance with HIPAA.

**NOW, THEREFORE**, in consideration of the mutual benefits of complying with laws and regulations stated above, Covered Entity and Business Associate agree as follows:

#### ARTICLE 1

#### DEFINITIONS

1.1 “**Minimum Necessary**” means the minimum amount of PHI necessary to accomplish the intended purpose of the use, disclosure, or request or the amount of PHI described and defined by HHS from time to time as the “minimum necessary.”

**1.2** **“Business Associate”** shall generally have the same meaning as the term “business associate” at 45 C.F.R. § 160.103, and in reference to this Agreement, shall mean the entity defined above as the Business Associate.

**1.3** **“Subcontractor”** means a subcontractor of Business Associate to whom Business Associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of Business Associate.

**1.4** **“Covered Entity”** shall generally have the same meaning as the term “covered entity” at 45 C.F.R. § 160.103, and in reference to this Agreement, shall mean the entity defined above as the Covered Entity.

**1.5** **Other Terms.** Capitalized terms not specifically defined in this Agreement shall have the meanings attributed to them under HIPAA.

## ARTICLE 2

### **PRIVACY OF PROTECTED HEALTH INFORMATION**

#### **2.1** **Permitted Uses & Disclosures.**

(a) Business Associate may use or disclose PHI on behalf of, or provide services to, Covered Entity pursuant to the Services Agreement between Business Associate and Covered Entity or as Required by Law. Except for the specific uses or disclosures set forth in this Section 2.1, Business Associate may not use or disclose PHI in a manner that would violate the Privacy Rule if done by Covered Entity. Business Associate shall limit its use, disclosure or request of PHI, to the extent practicable, to a Limited Data Set or, if needed by Business Associate, to the Minimum Necessary.

(b) Business Associate may use or disclose PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate provided that, with respect to any such disclosure, (i) the disclosure is Required by Law; or (ii) Business Associate obtains reasonable assurances from the person to whom the PHI is disclosed that it will be kept confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person agrees to notify Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

(c) Business Associate may provide data aggregation services to Covered Entity relating to the Health Care Operations of Covered Entity.

(d) Business Associate may de-identify PHI and may aggregate, manipulate, use, disclose, sell, publish and distribute such de-identified health information and data provided that such de-identification is in accordance with HIPAA.

**2.2 Safeguards for the Protection of PHI.** Business Associate shall use appropriate safeguards and comply with the applicable requirements of the Security Rule to prevent the use or disclosure of PHI other than provided for by this Agreement.

**2.3 Reporting of Unauthorized Uses or Disclosures and Unauthorized Attempts to Use or Disclose.**

(a) **Breach and Other Privacy Rule Violations.** Business Associate shall report to Covered Entity any use or disclosure of PHI not permitted by this Agreement, the Services Agreement, or that is in violation of any provision of HIPAA, including any Breach of unsecured PHI as required by 45 C.F.R. § 164.410, within ten (10) business days after the date on which Business Associate learns or should have learned of such occurrence. In its report to Covered Entity, Business Associate will identify, at a minimum (i) the nature of the non-permitted use or disclosure; (ii) the PHI used or disclosed; (iii) the party or parties who made the non-permitted use or received the non-permitted disclosure; (iv) what corrective action Business Associate took or will take to prevent further non-permitted uses or disclosures; (v) what Business Associate did or will do to mitigate any harmful effect of the non-permitted use or disclosure; (vi) such other information, including a written report, as Covered Entity may request; and (vii) such other information as HHS may prescribe by regulation.

(b) **Security Incidents.** Business Associate shall report all Security Incidents to Covered Entity, in accordance with the following reporting procedures for (i) Security Incidents that result in unauthorized access, use, disclosure, modification or destruction of electronic PHI (“**ePHI**”) or interference with system operations (“**Successful Security Incidents**”); and (ii) Security Incidents that do not result in unauthorized access, use, disclosure, modification or destruction of ePHI or interference with system operations (“**Unsuccessful Security Incidents**”).

(i) **Successful Security Incidents.** Business Associate shall provide notice to Covered Entity of any Successful Security Incident of which it becomes aware within five (5) business days. At a minimum, such report shall contain the following information: (A) date and time when the Security Incident occurred and/or was discovered; (B) names of systems, programs, or networks affected by the Security Incident; (C) preliminary impact analysis; (D) description of and scope of ePHI used, disclosed, modified, or destroyed; and (E) any mitigation steps taken by Business Associate.

(ii) **Unsuccessful Security Incidents.** To avoid unnecessary burden on either party, Business Associate shall report to Covered Entity any Unsuccessful Security Incident of which it becomes aware only upon request of Covered Entity. The frequency, content and the format of the report of Unsuccessful Security Incidents shall be mutually agreed upon by the parties. If the definition of “Security Incident” is amended under the Security Rule to remove the requirement for reporting “unsuccessful” attempts to use, disclose, modify or destroy ePHI, then this Section 2.3(b)(ii) shall no longer apply as of the effective date of such amendment.

**2.4 Use of Subcontractors.** To the extent that Business Associate uses one or more Subcontractors to perform its obligations under any agreement with Covered Entity and such Subcontractors create, receive, maintain or transmit PHI on behalf of Business Associate, Business Associate shall cause each such Subcontractor to agree to comply with the applicable provisions of the Security Rule and to agree to the same restrictions, conditions and requirements that apply to the Business Associate with respect to such PHI.

**2.5 Authorized Access to PHI.** To the extent that Business Associate maintains PHI in a Designated Record Set, Business Associate shall provide Covered Entity with access to such PHI in accordance with Covered Entity's written request no later than twenty (20) business days after receipt of such written request by Covered Entity pursuant to 45 CFR § 164.524.

**2.6 Amendment to PHI.** To the extent that Business Associate maintains PHI in a Designated Record Set, Business Associate shall amend such PHI in accordance with Covered Entity's written request no later than thirty (30) business days after receipt of such request by Covered Entity pursuant to 45 CFR § 164.526.

**2.7 Accounting of Disclosures of PHI.**

(a) Disclosure Tracking. Business Associate shall retain a record of each disclosure of PHI that Business Associate makes to a third party to the extent required by HIPAA, including (i) the disclosure date; (ii) the name and (if known) address of the person or entity to whom Business Associate made the disclosure; (iii) a brief description of the PHI disclosed; and (iv) a brief statement of the purpose of the disclosure.

(b) Disclosure Accounting. Business Associate shall provide an accounting of disclosure of PHI to Covered Entity (or to an individual, as so directed by Covered Entity) (i) no later than thirty (30) calendar days after receipt of a written request for such disclosure accounting by Covered Entity pursuant to 45 C.F.R. 164.528, or (ii) in accordance with HIPAA.

**2.8 Performance of Obligation of Covered Entity.** To the extent Business Associate is to carry out an obligation of Covered Entity under the Privacy Rule, Business Associate shall comply with the requirements of the Privacy Rule that apply to Covered Entity in performance of such obligation.

**2.9 Inspection of Books and Records.** Business Associate shall make its internal practices, books, and records, relating to the use and disclosure of all such PHI, available to HHS to determine the Covered Entity's compliance with HIPAA.

**2.10 Obligations of Covered Entity.** Covered Entity shall notify Business Associate of any restriction on the use or disclosure of PHI to which Covered Entity has agreed in accordance with the relevant provisions of HIPAA, to the extent that such restriction may affect Business Associate's use or disclosure of PHI. In addition, Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by an individual to use or disclose such individual's PHI to the extent that such change may affect Business Associate's use or disclosure of PHI.

## ARTICLE 3

### TERM AND TERMINATION

**3.1 Term.** The term of this Agreement shall commence as of the Effective Date of this Agreement and shall continue in effect until terminated in accordance with Section 3.2.

**3.2 Termination.** This Agreement shall terminate upon the earlier to occur of: (i) termination of the Services Agreement or (ii) receipt by Business Associate of Covered Entity's notice to terminate in the event Business Associate breaches a material term of this Agreement and fails to cure such breach to the reasonable satisfaction of Covered Entity after thirty (30) business days written notice of such breach.

**3.3 Return or Destruction of PHI.** Upon termination of the Agreement for any reason, Business Associate shall automatically return all PHI or any copies thereof received from Covered Entity that Business Associate or its agents or Subcontractors still maintain in any form. Prior to the return of PHI to Covered Entity, Business Associate may submit to Covered Entity a written request for permission to destroy PHI, and such request may be approved or denied in the sole discretion of Covered Entity.

**3.4 Continuing Privacy and Security Obligation.** If return or destruction is infeasible, Business Associate or its agents or Subcontractors shall: (i) provide to Covered Entity notification of the conditions that make return or destruction infeasible; (ii) continue to extend the protections of this Agreement to such information; and (iii) limit further use of such PHI to those purposes that make the return or destruction of such PHI infeasible, to the extent not prohibited by law.

**3.5 Survival.** The obligations of Business Associate under this Article shall survive the termination of this Agreement.

## ARTICLE 4

### MISCELLANEOUS

**4.1 Applicability.** This Agreement shall be applicable to PHI received by Business Associate from Covered Entity or created or received by Business Associate on behalf of Covered Entity.

**4.2 Amendments.** The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of this Agreement may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA and other applicable laws relating to the security or confidentiality of PHI.

**4.3 No Third Party Beneficiaries.** Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Covered Entity,

Business Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

**4.4 Conflicts.** The terms and conditions of this Agreement will override and control any conflicting term or condition of any other agreements that may be in place between the parties. All non-conflicting terms and conditions of this Agreement and any other agreement between the parties remain in full force and effect.

**4.5 Construction.** This Agreement shall be construed as broadly as necessary to implement and comply with HIPAA. Any ambiguity in this Agreement shall be resolved in favor of a meaning that complies with HIPAA.

**4.6 Subpoenas.** Each party shall provide written notice to the other party of any subpoena or other legal notification it receives seeking PHI, including being served with legal process, (a) received by Business Associate from Covered Entity; (b) created or received by Business Associate on behalf of Covered Entity; or (c) otherwise relating to Business Associate's services under the Services Agreement. Such written notice shall be provided within forty-eight (48) hours of receipt of a subpoena or other legal notification, including being served with legal process.

**4.7 Notices.** All notices required to be given to either party under this Agreement will be in writing and sent by traceable carrier to such party's address indicated below, or such other address as a party may indicate by at least ten (10) business days' prior written notice to the other party. Notices will be effective upon receipt.

**COVERED ENTITY:**

SVH Medical Center  
[Address]  
Attn: [\_\_\_\_\_]

**BUSINESS ASSOCIATE:**

Kelly Mather  
President and CEO  
Sonoma Valley Hospital  
347 Andrieux Street  
Sonoma, CA 95476

**4.8 Counterparts.** This Agreement may be executed in two or more counterparts and each such counterpart executed shall for all purposes be deemed an original, and all counterparts together shall constitute but one and the same instrument. The resulting instrument shall be binding upon all signatories hereof who sign below.

**4.9 Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of California without giving effect to its conflicts of laws principles. The parties hereto agree to submit to the jurisdiction of any state or federal court

located in the State of California, over any action or proceeding to enforce or defend any right under this Agreement.

**IN WITNESS WHEREOF**, the parties have entered into this Agreement to be effective as of the Effective Date.

**SONOMA VALLEY HEALTH CARE DISTRICT**

By: \_\_\_\_\_

Name: Kelly Mather

Its: President and CEO

**UCSF:**

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, on behalf of UCSF Health:**

By: \_\_\_\_\_

Its: \_\_\_\_\_



# TRADEMARK LICENSE AGREEMENT

## UCSF Health

This Trademark License Agreement (the “**Agreement**”) is made and entered into as of [\_\_\_\_], 2017 (the “**Effective Date**”) by and between The Regents of the University of California, on behalf of UCSF Health (“**UCSF Health**”), and Sonoma Valley Health Care District (“SVHCD”) dba Sonoma Valley Hospital, a licensed general acute care hospital organized under the laws of the State of California (“**Licensee**”).

## RECITALS

A. UCSF Health is the owner of rights, title and interest – including trademark rights – in and to “UCSF,” “UCSF Health,” “University of California, San Francisco,” and similar names, trademarks, service marks, and logos within the United States and elsewhere.

B. Licensee owns and operates a licensed general acute care hospital located in Sonoma, California that serves Sonoma County (the “Sonoma Community”).

C. UCSF Health and Licensee have entered into that certain Collaboration Agreement dated [\_\_\_\_] (the “**Collaboration Agreement**”) that sets forth the terms of a collaborative relationship through which they create, over time, a comprehensive, sustainable and integrated health care network to serve the needs of the Sonoma Community.

D. In connection with the Collaboration Agreement, Licensee wishes to publicly use the UCSF Health logo(s) identified on Exhibit A (the “**Licensed Marks**”) next to Licensee’s name or logo to inform local communities and patients that Licensee is affiliated with UCSF Health.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and legal sufficiency of which are acknowledged, the parties hereby agree as follows:

### 1. LICENSE

(a) UCSF Health hereby grants to Licensee a non-exclusive, revocable, royalty-free, non-sublicenseable, non-transferable license to use the Licensed Marks in accordance with the terms and subject to the restrictions set forth herein, and in any event only in furtherance of the Collaboration Agreement.

(b) UCSF Health retains all rights, title, and interest in and to the Licensed Marks including any goodwill associated with the Licensed Marks, and is free to continue to use and license the Licensed Marks as it deems appropriate. Any use of the Licensed Marks by Licensee will inure to the benefit of UCSF Health, and Licensee agrees not to take any action that is inconsistent with UCSF Health’s ownership of the Licensed Marks.

(c) UCSF Health does not grant to Licensee any rights, title, and interest in the University Marks except for the Licensed Marks. The term “**University Marks**” means all characters, colors, emblems, designs, identifications, logos, landmarks, mascots, name, service

marks, symbols, trademarks, service marks, all trade names and other proprietary designations, including the Licensed Marks, that are owned, licensed to or controlled by The Regents of the University of California (the “**University**”) and which are in existence at the beginning of or created during the term of this Agreement. Nothing in this Agreement, or in Licensee’s use of the Licensed Marks, shall give Licensee any right to use the University Marks, or any similar marks, beyond the rights granted to Licensee to use the Licensed Marks under this Agreement. The University retains all right, title, and interest in the University Marks, including without limitation the Licensed Marks, except as otherwise granted herein.

(d) Licensee agrees to use the Licensed Marks only in connection with marketing, public relations, fundraising and internal communications or such other uses as approved in advance and in writing by UCSF through the UCSF Medical Center Marketing Department (the “UCSFMCMD”) or another designee.

(e) Licensee agrees that this Agreement is founded on the significant goodwill the University has developed in connection with the Licensed Marks and University Marks, as well as the value of that goodwill in the minds of educational communities, the public, and other constituencies. Licensee agrees that it is critical that such goodwill be protected and enhanced and, toward this end, Licensee shall not misuse the Licensed Marks; apply to register or maintain any application or registration of a confusingly similar service mark, trademark, or logo; or use the Licensed Marks or any other University Marks in any way except as authorized by this Agreement.

(f) Licensee may not grant any sublicenses for use of the Licensed Marks to any third parties without the prior written consent of the University. Any agreement granting a sublicense of the Licensed Marks shall contain University-approved terms and conditions no less restrictive than those set forth in this Agreement and shall state that the sublicense is subject to the termination of this Agreement. Licensee shall have the same responsibility for the activities of any sublicensee as if the activities were directly those of Licensee. Licensee shall provide the University with the name, contact information and address of each sublicensee, as well as information regarding proposed uses of the Licensed Marks, to allow the University to determine if the sublicense poses any undue risk to the University. Upon the University’s written request, Licensee shall provide to the University copies of each sublicense agreement and any amendments thereto.

## 2. **QUALITY CONTROL**

(a) In connection with its licensed use of the Licensed Marks, Licensee agrees that it will abide by all terms and standards set forth on <http://identity.ucsf.edu> or its successor website(s), which are hereby incorporated by reference as currently existing and as may be amended from time to time by UCSF Health in its sole discretion (notwithstanding the requirement in Section 10 mandating a written instrument signed by both parties), and in accordance with the UCSF’s Policy on the Use of the University’s Name, Seal, and Logo (UCSF Policy No. 050-13), available at <https://policies.ucsf.edu/policy/050-13>, as amended from time to time.

(b) Licensee agrees that it will render all professional services while using the

Licensed Marks in a manner consistent with high quality and a high standard of care for the Sonoma Community.

(c) If UCSF Health objects to or refuses any proposed use of the Licensed Marks by Licensee, UCSF Health will notify Licensee in writing within five (5) business days as to such rejection and the reasons for UCSF Health's concerns about the proposed use.

(d) During the term of this Agreement, UCSF Health will have the right to request that Licensee annually submit to UCSF Health samples of any or all uses of the Licensed Marks on or in connection with Licensee's services and activities.

(e) Licensee agrees that, at all times, it will comply with Section 92000 of California's Education Code governing the use of the University of California name and its abbreviations.

### **3. UC CODE OF CONDUCT FOR TRADEMARK LICENSEES**

To the extent that Licensee produces or creates – or subcontracts for the production or creation of – merchandise or other physical goods (whether for sale or give-away) that contain the Licensed Marks (such as business cards), Licensee agrees that: (a) it and its contractors will abide by then-existing "University Of California Code Of Conduct For Trademark Licensees" (currently available here: <http://policy.ucop.edu/doc/3000130/CodeTrademarkLicensees>), as it may be modified from time to time; and (b) such goods must be manufactured by vendors approved by UCSF Health.

### **4. TRADEMARK NOTICES AND APPROVALS**

(a) Licensee agrees to submit to the UCSFMCMD, which oversees the Licensed Marks, for review and approval in advance, samples of Licensee's proposed new or modified uses of the Licensed Marks, based on the guidelines available at:

<https://identity.ucsf.edu/brand-guide/ucsf-health> or their successor website(s).

The UCSFMCMD will make every reasonable effort to review samples submitted by Licensee and to approve or suggest necessary modifications to such samples within five (5) business days after receipt of the submission. Licensee shall certify annually that its use of the Licensed Marks conforms to the pre-approved samples. Licensee shall submit such certification within forty-five (45) days after each UCSF Health fiscal year. Licensee agrees to modify, at its sole cost and expense, any changes made to the Licensed Marks or samples which were not preapproved.

(b) Licensee shall promptly notify the University in writing if it becomes aware that (A) any person or entity is using or plans to use the University Marks without authorization from UCSF Health, or (B) any person or entity claims that it is the owner of the Licensed Marks or that Licensee's use of the Licensed Marks infringes its intellectual property rights.

(c) Licensee may not initiate any action with respect to the enforcement of the

University's rights to the University Marks, including, but not limited to, pursuing or settling an infringement action; however, Licensee shall cooperate fully with the University in the University's pursuit of any legal action designed to protect the University's rights to the University Marks. Licensee shall reimburse the University for all costs and expenses (including, without limitation, reasonable legal expenses) of trademark searches, clearances, registrations/oppositions and enforcement of the Licensed Marks in the United States and applicable United States territories to the extent those costs and expenses are associated with Licensee's uses or proposed uses of the Licensed Marks, as the case may be. UCSF Health shall inform Licensee of the need for such efforts before incurring any costs and expenses.

(d) To denote the University's ownership of the Licensed Marks, Licensee shall include as necessary or as required by the University, appropriate trademark and/or copyright notices in marketing/communication materials, in media (such as websites), and/or on products. In addition, Licensee will include such other legends, markings and notices as UCSF Health may reasonably request from time to time, including as set forth in the guidelines described in Section 4(a) above.

(e) Licensee shall not issue any certificates or similar documents bearing the University seal. For avoidance of doubt, no rights are being granted to Licensee to use the University seal.

(f) Nothing in this Agreement grants by implication, estoppel, or otherwise any rights to the University's intellectual property, except as explicitly set forth herein.

## **5. TERM AND TERMINATION**

(a) Unless sooner terminated pursuant to Sections 5(b), 5(c) or 5(d) below, the term of this Agreement and the license granted hereby will remain in force from the Effective Date until the Collaboration Agreement terminates or expires.

(b) This Agreement may be terminated at any time by mutual agreement of the parties in writing.

(c) UCSF Health may terminate this Agreement at any time for cause, which includes (but is not limited to): (i) a breach or other violation of the terms or standards set forth in this Agreement on incorporated herein by reference that is not cured within 10 business days; or (ii) any actions or omissions by Licensee that cast UCSF Health in a negative light (in the sole discretion of UCSF Health). UCSF Health will provide Licensee with at least thirty (30) calendar days' prior written notice of such termination.

(d) If either party determines in good faith based on advice of qualified legal counsel that any federal, state, or local law or regulation (i) prohibits the relationship of the parties as presently structured under this Agreement; (ii) would subject either party to this Agreement to a material risk of criminal prosecution or civil monetary penalties; (iii) would prohibit or restrict the operations of UCSF Health or Licensee; (iv) would prohibit a referral of any patient from Licensee to UCSF Health or vice versa, or any of their respective affiliates; or (v) would jeopardize the federal income tax exemption of UCSF Health, Licensee or any of their respective affiliates, then either party may give notice thereof to the other party, and the parties shall make a

good faith effort to alter their relationship and modify this Agreement to the minimum extent necessary to comply with such law or regulation or otherwise resolve the legal or other problem. If, after diligent good faith efforts, UCSF Health and Licensee are unable to mutually agree upon such modification within thirty (30) days after such notice, or if such modification is not legally possible, then this Agreement shall be terminated by either party upon ten (10) days' prior written notice.

(e) The license granted under this Agreement may be suspended by the University in its sole discretion if (i) Licensee fails to provide the University, within the required time, information that the University may reasonably request, at any time, to verify Licensee's compliance with its obligations under this Agreement, or (ii) the University determines, in its reasonable discretion, that substantial questions exist regarding Licensee's compliance with its obligations under this Agreement and that the University needs further time to determine whether Licensee is in compliance.

(f) Upon termination or expiration of this Agreement, all rights and obligations of the parties hereunder shall forthwith terminate except as otherwise set forth in this Agreement, and Licensee shall comply with all of the following obligations, save and except for any liabilities arising out of any antecedent breaches and any provisions which are expressed to survive the termination or expiration of this Agreement:

(i) Licensee shall cease to, directly or indirectly, represent to the public or hold itself out as a licensee of the Licensed Marks;

(ii) Licensee shall permanently cease to use, by advertising or in any other manner whatsoever, the Licensed Marks and any other identifying characteristics and marks of the University's relationship with Licensee, and any other intellectual property licensed by the University;

(iii) Licensee shall remove all University Marks immediately from all electronic media, destroy promptly all materials bearing any University Marks, and cease any and all use of the University Marks;

(iv) Licensee shall immediately turn over to the University, or certify to the destruction of, all of the intellectual property of the University and shall retain no copy or record of any of the forgoing other than archival copies of materials for historical records; and

(v) Licensee shall promptly pay any royalty or fees due or owing at the time of such termination, and the termination of this Agreement shall not impair any accrued right of the University.

## 6. INDEMNIFICATION

Licensee will indemnify and hold harmless UCSF Health, its directors, officers, employees, and agents, from and against all losses, expenses (including, without limitation, reasonable attorneys' fees and costs), damages, and liabilities of any kind resulting from or

arising out of Licensee's use of the Licensed Marks.

**7. NO WARRANTIES**

LICENSEE ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE RIGHTS GRANTED HEREUNDER ARE PROVIDED WITHOUT ANY WARRANTY, ON AN "AS IS" BASIS, AND THAT UCSF HEALTH IS NOT PROVIDING ANY OTHER WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH RESPECT THERETO, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, TITLE, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE.

**8. LIMITATION OF LIABILITY**

UCSF HEALTH WILL HAVE NO LIABILITY OR RESPONSIBILITY FOR INCIDENTAL, INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER SUFFERED OR INCURRED BY LICENSEE AS A RESULT OR CONSEQUENCE OF THE USE OF THE UNIVERSITY MARKS OR OTHERWISE, EVEN IF UCSF HEALTH HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

**9. NOTICES**

For any notices required or permitted under this Agreement, such notice will be deemed to have been properly given if in writing and either personally served or forwarded by certified mail, postage prepaid, and addressed as follows:

To UCSF Health or the University:

UCSF Medical Center  
500 Parnassus Avenue  
San Francisco, CA 94143  
Attention: Chief Executive Officer

With copies to each of:

University of California, San Francisco  
745 Parnassus Ave., 2nd Floor  
Box 0986  
San Francisco, CA 94143-0986  
Attention: Chief Campus Counsel

University of California  
1111 Broadway, 14th Floor  
Oakland, CA 94607  
Attn: Deputy General Counsel  
Health Law & Medical Center Services

To Licensee:

Sonoma Valley Hospital  
347 Andrieux Street  
Sonoma, CA 95476  
Attention: President and CEO

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Either party may change its address to which said notice must be delivered or mailed by giving written notice of such change to the other party.

**10. WAIVERS, AMENDMENTS, AND PRECEDENCE**

Except as set forth in Section 2(a) above, this Agreement may be amended, superseded, canceled, renewed, or extended and the terms hereof may be waived only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. In the event of any inconsistency between this Agreement and the Collaboration Agreement regarding Licensee’s use of the Licensed Marks, this Agreement takes precedence.

**11. GOVERNING LAW**

This Agreement is governed by the laws of the State of California. UCSF Health and Licensee agree that the exclusive jurisdiction and venue for any and all actions arising out of or related to the Agreement is a court of competent jurisdiction situated in the state courts of San Francisco County, California or, as applicable, the U.S. federal court located in the Northern District of California.

**12. COUNTERPARTS**

This Agreement may be executed in counterparts (delivery of which may occur via facsimile or electronically scanned copy), each of which shall be binding as of the date first written above, and, when delivered, all of which shall constitute one and the same instrument. A facsimile signature or electronically scanned copy of a signature will constitute and will be deemed to be sufficient evidence of a party’s execution of this Agreement, without necessity of further proof. Each such copy will be deemed an original, and it will not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

**13. NEGOTIATED AGREEMENT**

The parties hereby acknowledge that the terms and language of this Agreement were the result of negotiations between the parties, and there will be no presumption that any ambiguities in this Agreement will be resolved against any particular party. Any controversy over construction of this Agreement will be decided without regard to authorship or events occurring in negotiation.

**14. ASSIGNMENT**

Neither this Agreement nor any rights or obligations hereunder shall be assignable by either party without the prior written consent of the other party.

**15. NO THIRD PARTY BENEFICIARIES**

Nothing herein, expressed or implied, is intended or shall be construed to confer upon or give to any person, other than the parties hereto and their respective permitted successors and assigns, any rights or remedies under or by reason of this Agreement.

**16. REMEDIES**

Except as expressly limited by the terms of this Agreement, the parties hereto shall each have and retain all rights and remedies existing in their favor under this Agreement, at law or in equity, including rights to bring actions for specific performance and/or injunctive or other equitable relief (including, without limitation, the remedy of rescission) to enforce or prevent a breach or violation of any provision of this Agreement. All such rights and remedies shall, to the extent permitted by applicable law, be cumulative and the existence, assertion, pursuit or exercise of any thereof by a party shall not preclude such party from exercising or pursuing any other rights or remedies available to it.

**17. REPRESENTATION BY COUNSEL; INTERPRETATION**

The parties each acknowledge that each party to this Agreement has been represented by counsel in connection with the drafting and negotiation of this Agreement and the transactions contemplated by this Agreement, and hereby waive application of any rules of contract interpretation or construction requiring provisions to be interpreted in favor of or against the person drafting the agreement. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the parties.

**18. ENTIRE AGREEMENT**

This Agreement (including Exhibit A and any terms incorporated herein by reference) constitutes the entire agreement of the parties with respect to the subject matter hereof. The terms and provisions of all Recitals and exhibits are hereby incorporated into and made a part of this Agreement.

*[Signature Page Follows]*



**LICENSEE:**

SONOMA VALLEY HEALTH  
CARE DISTRICT

**UCSF HEALTH:**

THE REGENTS OF THE UNIVERSITY OF  
CALIFORNIA on behalf of UCSF HEALTH

By: \_\_\_\_\_

By: \_\_\_\_\_

Print: \_\_\_\_\_

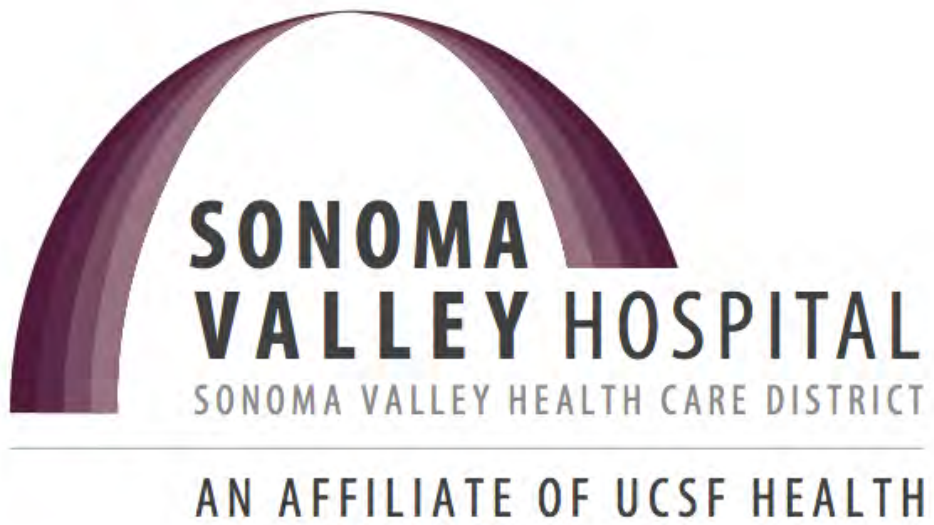
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Title: \_\_\_\_\_

**EXHIBIT A**

**Licensed Mark(s)**



## **EXHIBIT B**

### **Licensed Materials**

#### Approved for Co-Branding:

- Signage
- Brochures and flyers
- Temporary banners and posters
- Billboards
- Websites and banner ads (including links and landing pages)
- Advertising (print, TV, radio, etc.)
- Direct mail
- Press release announcing affiliation
- Promotional items and giveaways
- Social media for joint promotional purposes in collaboration with UCSF Health marketing

#### Not Approved for Co-Branding:

- Ongoing media relations
- Work wear and uniforms
- ID badges
- Podium banners or step and repeat backgrounds used for press conferences or events
- Endorsement and/or sponsorships
- Blank letterhead or letterhead for general use
- Awards and promotions of a personal nature
- Materials and activities that misrepresent the relationship between the Parties
- Regulatory communications
- Patient communications i.e., HIPAA and other consent forms
- All other materials and activities that conflict or compete with UCSF Health

5.

PATIENT CARE SERVICES  
ANNUAL REPORT 2017



# **Patient Care Services**

# **Annual Report 2017**

**Prepared by: Mark Kobe, RN MPA, Chief Nursing Officer**

## INTRODUCTION AND STRUCTURE

Patient Care Services is comprised of six major service areas: Intensive Care, Emergency, Surgery, Inpatient, Woman’s Services/Maternity and Skilled Nursing. These areas are staffed by 107 Registered Nurses and 57 Certified Nurses Assistants, Scrub techs, ED techs and unit assistants. The areas are managed individually by two nursing directors and three nursing managers who report directly to the Chief Nursing Officer.

Category	Function	Staff Oversight
<b>Chief Nursing Officer</b>	The CNO is involved at the executive level in collaborative leadership of the organization. Provides leadership, management, consultation and oversight for the department of nursing in both the clinical and Administrative setting and assumes administrative responsibility for the Skilled Nursing Facility. Responsible for the day to day operations of all clinical functions. Pro-actively maintains high level internal customer, physician and Board of Trustee relationships and satisfaction. Responsible for management of federally-mandated grievance process, management of emergency physician and hospitalist group contracts and oversight, direct oversight and responsibility for service excellence initiatives and performs daily clinical role as Administrative Nursing Supervisor.	Director of SNF Director of ED/ICU Director of Pharmacy Manager Birthing Manager Inpatient Manager Surgery Nursing Supervisors
<b>Director of Nursing, Skilled Nursing Facility</b>	The Director of Skilled Nursing Facility is responsible for daily oversight ensuring high quality care in high acuity environment. The Director is responsible for all regulatory requirements from multiple regulators and recruits/hires qualified staff, participates in marketing activities, assures that the QAPI program is implemented and maintained. In addition, oversees admissions based on the units’ ability to care for patients safely Oversees staff development needs, manages the SNF budget, participates in surveys and responds to regulatory deficiencies. The Director assures patient’s rights and acts as a liaison between physicians, families, staff, and the community.	16 Registered Nurses  17 Certified Nurse Assistants  3 Unit Assistants
<b>Director of ED/ICU</b>	The Director of ED/ICU provides leadership for the clinical operations and coordinated activities of the Emergency department and Intensive Care Unit. Ensures accountability for administrative responsibilities that include staffing, leading, morale, customer satisfaction, quality patient care, organizing and role modeling for critical care nursing. Maintains positive relationships with Emergency Physicians, external Emergency Medical System (EMS) and Sonoma County Trauma Coalition. Primary responsibility for ED patient satisfaction.	39 Registered Nurses 5 ED techs
<b>Manager Birthplace</b>	The Birthplace Manager performs the functions assessing, planning, budgeting, implementing and evaluating services provided in OB/GYN services as well as nurse navigation services provided in new service line, A Woman’s Place.	13 Registered Nurses
<b>Manager Inpatient</b>	The Inpatient Manager provides overall managerial direction and leadership for the clinical operations and coordinated activities of the medical/surgical unit and the outpatient infusion service. Primary responsibility for HCAHPS results and initiatives.	19 Registered Nurses 9 Unit Asst/Tele techs 11 Certified Nurse Assts.
<b>Manager Surgery</b>	Direct daily oversight of Surgical Care Unit, comprised of three operating suites and a pre- and post-operative patient care/ recovery area. Manages daily staffing needs based on surgical case load and responsible for management of surgeon block assignment and utilization. Seeks out new surgical opportunity for organization. Primary responsibility for OASCAHPS.	2 Clinical Coordinators 20 Registered Nurses 6 Scrub Techs 2 Central Sterile Techs 3 Housekeepers

## QUALITY DASHBOARD

Ultimately, Patient Care Services are involved in and directly responsible for results in virtually all quality measures of the organization: CMS core measures, infection prevention monitoring, and the California Maternal Quality Care Collaborative to name a few. As a Board you see many, if not all, of these measures in your dashboards. As you know, most quality measures are a collaborative effort from a multidisciplinary perspective. Some, however, are under direct nursing control. The Patient Care Services Dashboard represents these measures and is presented below.

Medication Scanning Rate	2017					Nursing Turnover	2017 RNs/Quarter				
	Q1	Q2	Q3	Q4	Goal		Q1	Q2	Q3	Q4	Goal
SNF	88.0%	89.3%	88.4%	89.0%	>80%	SNF (n=18)	1	1	0	1	≤1
Acute	90.0%	89.0%	91.3%	87.0%	>90%	Acute (n=65)	0	1	5	6	≤6
ED	91.0%	92.7%	86.0%	82.0%	>90%	Healing at Home (n=11)	0	0	0	2	≤1
						<b>Total Nursing Turnover</b>	1	2	5	9	≤8
Falls (Per 1000 days)	2017 Rolling Quarterly Average					Patient Experience (CAHPS)	2017				
	Q4-Q3	Q1-Q4			50th %tile		Q1	Q2	Q3	Q4	Goal
SNF	1.1	0.9			6.22	RN Communication					NRC Ave.
Acute	2.5	1.7			3.75	ED	80.2	83.0	80.0		>78.1
						Acute	70.4	84.0	76.0		>79.5
						Pain Management					NRC Ave.
						ED	47.8	72.2	20.0		>53.7
						Acute	60.5	64.9	92.0		>72.5
						Communications re: Medications					NRC Ave.
						Acute	51.4	66.1	91.0		>64.5
Hospital Acquired Pressure Ulcer Incidents (Per 1000 admissions)	2017					Nurse Staffing Effectiveness: Transfers r/t staffing/beds	2017				
	Q1	Q2	Q3	Q4	National		Q1	Q2	Q3	Q4	Goal
SNF	2.2	0.0	0.0	0.0	3.17						
Acute	3.3	0.0	0.0	0.0	3.68		4	4	1	0	≤0
Green = Goal Met Yellow = Below goal Red = Continues below goal or significantly below goal											
2013 Hospital falls std from J Amer Med, AHRQ & PubMed											

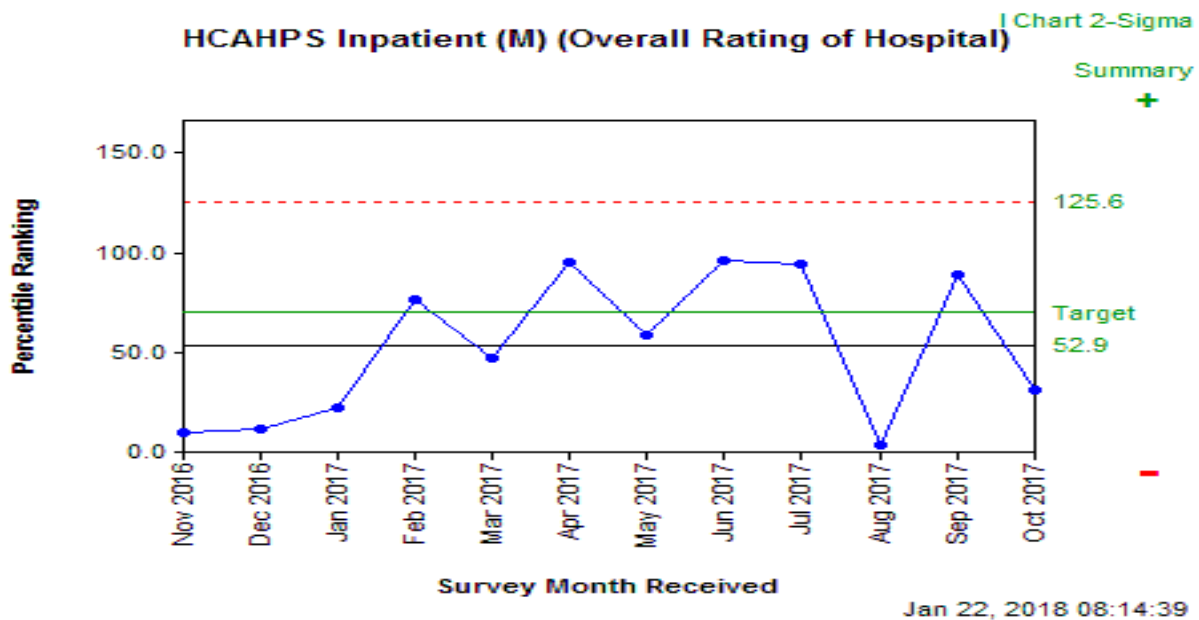
Patient satisfaction is a very high priority for Patient Care Services. We embrace and employ many of the early tenets of the Studer model (AIDET, white boards, rounding, call backs), as well as more contemporary initiatives such as “What Matters to You.” Staff are

expected to work and deliver patient care in a manner consistent with these initiatives. We measure patient satisfaction in a number of areas using different modalities.

HCAHPS is the primary measurement tool for Inpatient satisfaction. It is a CMS-mandated survey tool that was administered through National Research Corporation via mailed paper surveys. Inpatient volume is very low and only patients discharged directly home qualify for surveys. SVH's response rate for calendar 2107 was 23%. Beginning January 1, 2018, we began using a new HCAHPS vendor, Healthstream, which utilizes a phone survey methodology. Our hope is that this will yield a higher response rate and therefore a more statistically significant 'n' number for responses.

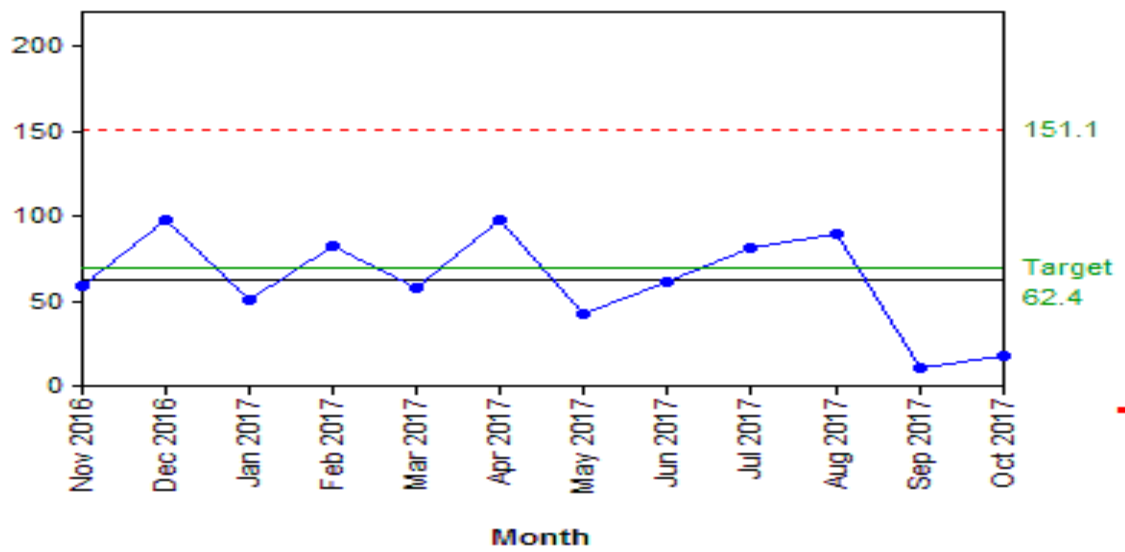
OASCAHPS is the primary measurement tool for Outpatient Ambulatory Surgery, CMS-mandated as of January 1, 2018. Healthstream will be distributing this survey also via phone methodology and we will see our first results in early March of this year.

We measure satisfaction in our Outpatient service areas using a service called Rate My Hospital. It is a texting service that sends text message survey tool links to patients discharged from the ED, Imaging, Cardiopulmonary, Outpatient Physical Therapy and Outpatient Surgery.



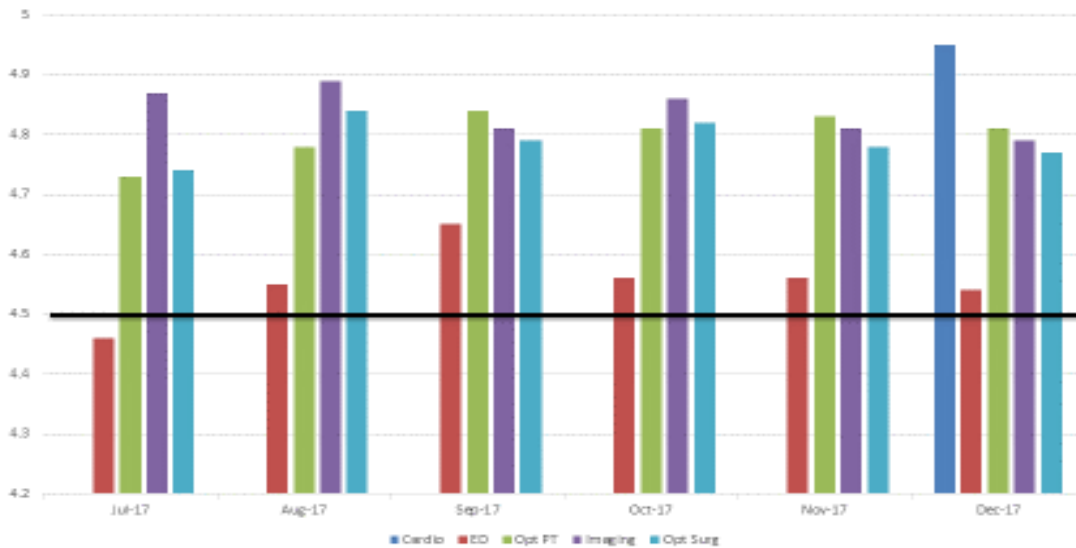


### ED CAHPS (M) Overall Rating of Facility



Jan 22, 2018 10:23:17

### Rate My Hospital Mean Overall Scores



The Patient Care Experience Team (PCET) meets monthly to view satisfaction results and develop strategies to meet goals. It is a multi-disciplinary team comprised of leaders from every discipline on the Leadership Team. This past year we have selected a community member as our Patient Family Advisor for our PCET that is bringing us new insights into patient perception, especially with our Latino population. Through her insights we have updated our way-finding signage throughout the hospital, created more bi-lingual discharge instructions, and have identified a need to change artwork throughout the building to reflect a larger mix of Hispanic identity. Additionally, the team is working on arranging for a ‘secret shopper’ to assess our line staff’s compliance to service excellence initiatives and strategies.

## FINANCIAL PERFORMANCE FY 2018 YTD

The following reports are a rollup report of all Patient Care Service areas combined.

### Expenses

	<u>Actual</u>	<u>Flex</u>	<u>Variance</u>		<u>Budget</u>
<b>Expenses</b>					
⊕ Salaries	5,309,595	5,071,088	-238,507	-4.7%	5,409,168
⊕ Prof Fees-Agency	501,730	298,063	-203,667	-68.3%	329,044
⊕ Paid Time Off	743,102	705,881	-37,221	-5.3%	705,881
⊕ Employee Benefits	442,147	446,459	4,312	1.0%	446,459
⊕ Prof Fees-Phys	43,200	65,286	22,086	33.8%	65,286
⊕ Supplies	280,390	193,285	-87,105	-45.1%	220,691
⊕ Minor Equipment	37,652	19,890	-17,762	-89.3%	19,890
⊕ Pat Chg Supplies	1,391,286	1,207,325	-183,962	-15.2%	1,246,511
⊕ Purchased Svcs	83,581	109,079	25,497	23.4%	110,434
⊕ Education-Travel	8,589	11,928	3,339	28.0%	11,928
⊕ Other Expenses	40,356	47,040	6,684	14.2%	47,040
Total Expenses	8,881,629	8,175,323	-706,306	-8.6%	8,612,332

Primary causes for expense variance are staffing/registry dollars secondary to turnover (ED/ICU) and maternity leaves (Inpatient). Patient charge supplies are implant costs.

## Direct Margins

Patient Care Services are a significant contributor to SVH's bottom line.

		D			
	Svc Unit	Visits	Reimb	Cost	Margin
9/1/2016-8/31/2017	ER SU	10,061	\$ 11,872,553	\$ (5,401,170)	\$ 6,471,383
12/1/2016-11/30/2017	ER SU	10031	\$ 11,871,206	\$ (5,492,172)	\$ 6,379,035
	Obstetrics	615	\$ 1,501,671	\$ (1,692,539)	\$ (190,868)
	Obstetrics	615	\$ 1,331,063	\$ (1,722,800)	\$ (391,736)
	OPSURG SU	1,582	\$ 5,122,445	\$ (3,122,625)	\$ 1,999,820
	OPSURG SU	1,642	\$ 5,040,851	\$ (3,105,658)	\$ 1,935,193
	Special Procedures	1,518	\$ 2,381,205	\$ (1,671,184)	\$ 710,021
	Special Procedures	1,553	\$ 2,324,868	\$ (1,659,000)	\$ 665,868
	Inpatient	1,188	\$ 16,321,249	\$ (11,198,902)	\$ 5,122,347
	Inpatient	1,173	\$ 15,375,698	\$ (11,241,130)	\$ 4,134,569
	SNF SU	368	\$ 3,352,548	\$ (2,899,682)	\$ 452,866
	SNF SU	370	\$ 3,343,713	\$ (3,055,322)	\$ 288,391

Obstetrics is expected to improve with the expanding 'Woman's Place' service line. Of concern is the decrease in direct margins across the board during the compared time periods.

## **GROWTH**

### ED

Total visits for calendar 2017 rose by 2.3% over 2016. The ED continues to be the leader in Direct Margin at SVH.

## Outpatient Surgery

Fiscal year to date, the number of surgical cases has increased by 25% (375 cases) with pain management, endoscopy and ophthalmology demonstrating the greatest increases. Bariatric and pain management are projected to increase further in the coming year.

### JANUARY

Surgical Service	Jan 13th-19th	Jan 1st-19th	Monthly Goal	YTD FY 2018	YTD FY 2017	Goal 2% growth per service YTD	Over/Under
BARIATRIC CASES	3	10	6	37	34	8%	3
ENT	0	0	1	2	2	0%	0
GENERAL ORTHOPEDICS	9	16	41	213	266	-25%	-53
GENERAL SURGERY	3	8	25	100	119	-19%	-19
JOINT REPLACEMENTS	3	6	12	76	81	-7%	-5
OB/GYN	2	3	12	71	67	6%	4
OPHTHALMOLOGY	4	7	26	126	77	39%	49
PAIN MANAGEMENT	5	17	19	393	138	65%	255
BREAST	0	0	3	0	0	0%	0
PODIATRY	0	1	2	17	16	6%	1
SPINE CASES	1	1	1	3	14	-78%	-11
UROLOGY CASES	0	0	2	3	5	-67%	-2
VASCULAR CASES	0	0	4	7	8	-14%	-1
TOTAL SURGICAL CASES	30	69	154	1048	827	22%	221
ENDOSCOPY CASES	21	44	46	457	303	37%	154
Total all Cases	51	113	197	1505	1130	25%	375
MISC. CASES	1	2	4	25	23	8%	2

## Family Birthing Center/A Woman's Place

On February 5, 2018, SVH will kick off advertising of A Woman's Place with a focus on comprehensive healthcare for women. Breast health counseling, procedures and surgery as well as gynecologic and obstetric procedures are envisioned to increase business for this service area.

## PEOPLE

### Staff Satisfaction

Patient Care Services leaders had an 80% participation rate and an engagement score of 4.29 (1-5 scale) for calendar year 2017. Two issues for improvement were identified:

1. My pay is fair. HR re-examined regional pay and adjusted scales. Individual staff were adjusted to the new ranges and all of Patient Care Services staff received 3% increases beginning January 2017 and an additional 3% increase beginning April 2017. Staff appear more content with salaries as noted by a decrease in comments and complaints

about pay. However, Kaiser salaries do continue to surface in day to day conversations with staff.

2. Organization provides educational opportunities. We have addressed this concern on two fronts. First, committed per diem staff (those without employment at other healthcare facilities) felt that SVH should offset the costs for required certifications (ACLS, PALS). We agreed and policy was changed to reflect reimbursement for certifications for per diem staff working greater than 1000 hours in a calendar year. Second, the Nursing Education Fund of the SVH Hospital Foundation has awarded \$34,191 in educational grants to nursing and ancillary staff in 2017.

**Turnover**

2017 ended with 15.1% overall turnover. The Emergency Department and Inpatient unit experienced a higher than usual turnover in Quarters 3 and 4. There has been some ‘cultural’ turnover in the ED. The Inpatient unit has experienced turnover in recently trained staff now seeking employment closer to home after being trained by SVH.

**Total CY Year-to-Date**

		Regular (>=.5 FTE)		
		Active	Terms	Turnover Rate
SNF		18	2	11.3%
Acute Care		64	12	18.9%
<b>Total:</b>		<b>82</b>	<b>14</b>	<b>15.1%</b>

**CY Fourth Quarter (Oct, Nov, Dec)**

		Regular (>=.5 FTE)		
		Active	Terms	Turnover Rate
SNF		18	1	5.7%
Acute Care		60	6	10.0%
<b>Total:</b>		<b>78</b>	<b>7</b>	<b>7.9%</b>

**CY Third Quarter (July, Aug, Sept)**

		Regular (>=.5 FTE)		
		Active	Terms	Turnover Rate
SNF		18	0	0.0%
Acute Care		63	5	7.9%
<b>Total:</b>		<b>81</b>	<b>5</b>	<b>7.9%</b>

**CY Second Quarter (Apr, May, Jun)**

<b>Regular (&gt;=.5 FTE)</b>			
	<b>Active</b>	<b>Terms</b>	<b>Turnover Rate</b>
<b>SNF</b>	11	0	0.0%
<b>Acute Care</b>	66	1	1.5%
<b>Total:</b>	<b>77</b>	<b>1</b>	<b>1.3%</b>

<b>CY First Quarter (Jan, Feb, Mar)</b>			
<b>Regular (&gt;=.5 FTE)</b>			
	<b>Active</b>	<b>Terms</b>	<b>Turnover Rate</b>
<b>SNF</b>	11	0	0.0%
<b>Acute Care</b>	65	0	0.0%
<b>Total:</b>	<b>76</b>	<b>0</b>	<b>0.0%</b>

## **PATIENT CARE SERVICES 2018 GOALS**

1. Staff Satisfaction participation rate  $\geq 80\%$ ; Engagement Score  $\geq 4.5$
2. HCAHPS 5 of 10 domains  $\geq 70^{\text{th}}$  %tile; Rate My Hospital overall  $\geq 4.5$ ; OASCAHPS TBD
3. Budgetary compliance in all service areas  $\pm 3\%$
4. Acute Care annual turnover rate  $< 10\%$
5. Acute Care and ED Medication Scanning compliance  $\geq 90\%$
6. Develop evidenced-based standards of care for treatment of patients in alcohol detox and patients presenting with diabetic ketoacidosis
7. Maintain  $\geq 20\%$  growth in surgical services
8. Seek and establish Telemedicine services for Psychiatric care and Neurology

# CONCERNS



2006-2017 Admissions/Transfers from the ED

# PATIENT CARE SERVICES OVERVIEW

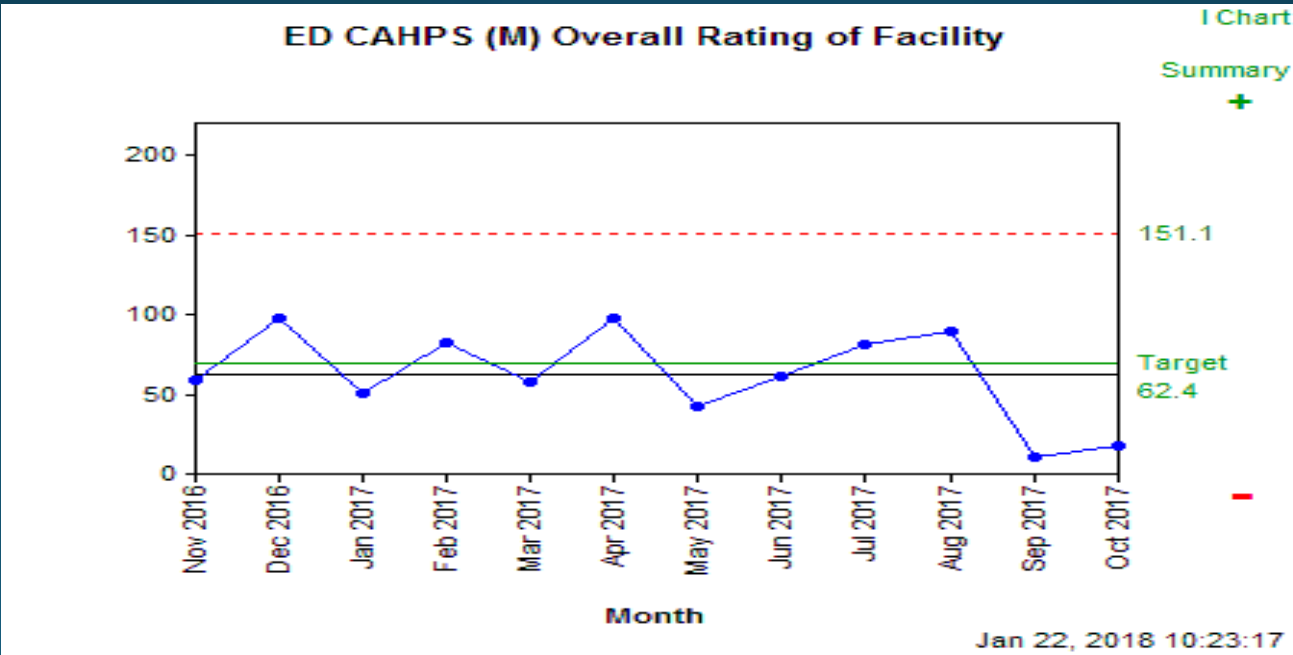
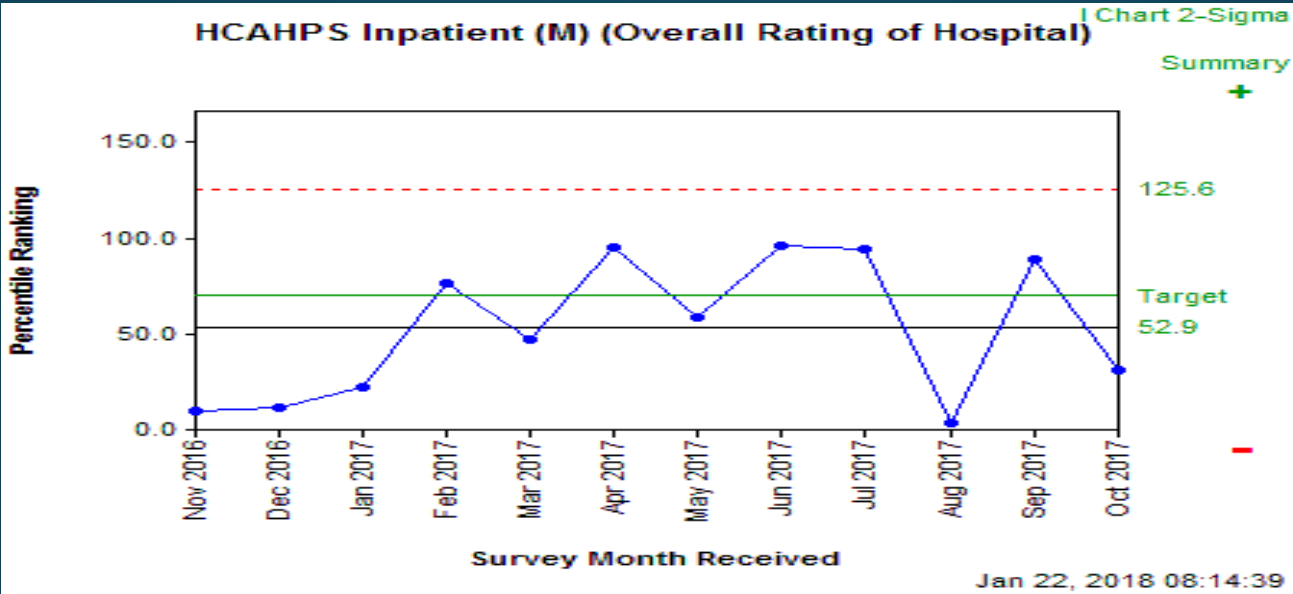
## 2017

Sonoma Valley Health Care District  
Board of Directors

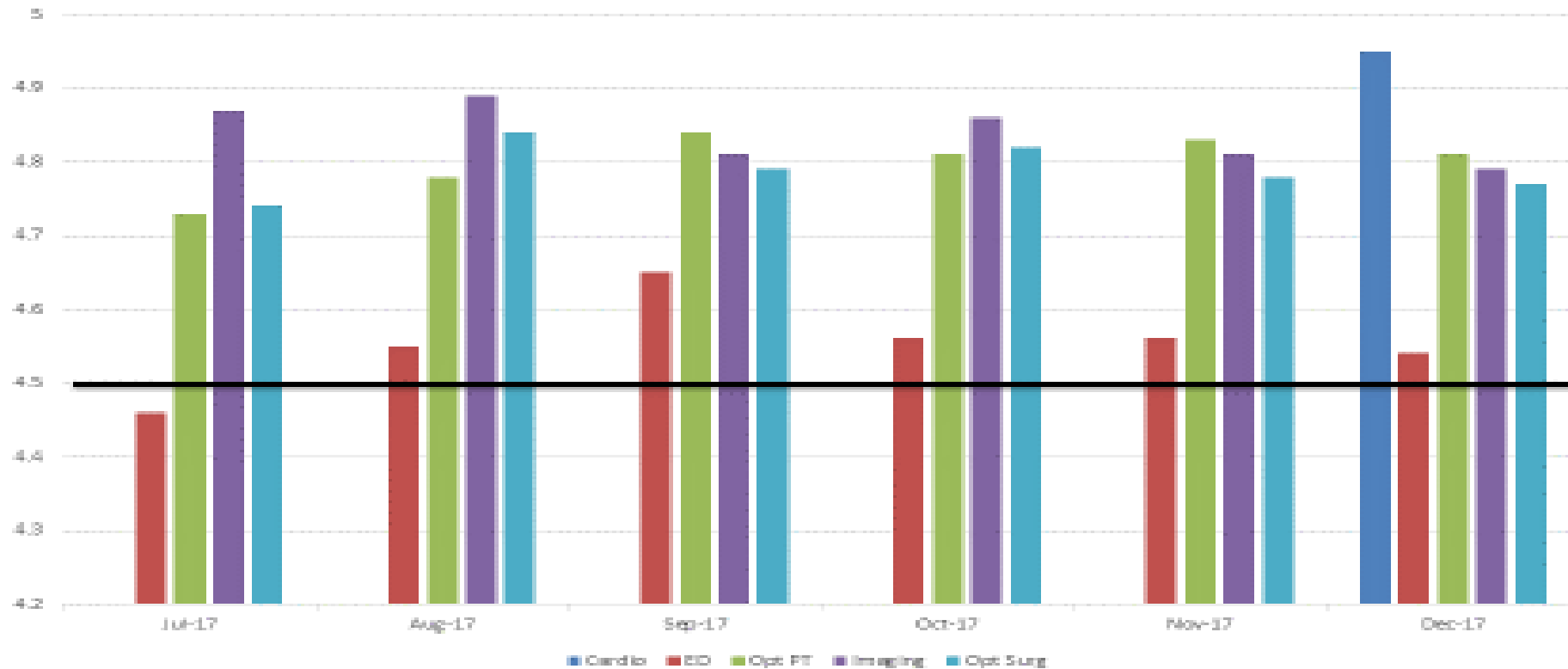
February 1, 2018



Medication Scanning Rate	2017					Nursing Turnover	2017 RNs/Quarter				
	Q1	Q2	Q3	Q4	Goal		Q1	Q2	Q3	Q4	Goal
SNF	88.0%	89.3%	88.4%	89.0%	>80%	SNF (n=18)	1	1	0	1	≤1
Acute	90.0%	89.0%	91.3%	87.0%	>90%	Acute (n=65)	0	1	5	6	≤6
ED	91.0%	92.7%	86.0%	82.0%	>90%	Healing at Home (n=11)	0	0	0	2	≤1
						<b>Total Nursing Turnover</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>9</b>	<b>≤8</b>
Falls (Per 1000 days)	2017 Rolling Quarterly Average					Patient Experience (CAHPS)	2017				
	Q4-Q3	Q1-Q4			50th %tile		Q1	Q2	Q3	Q4	Goal
SNF	1.1	0.9			6.22	RN Communication					NRC Ave.
Acute	2.5	1.7			3.75	ED	80.2	83.0	80.0		≥78.1
						Acute	70.4	84.0	76.0		>79.5
						Pain Management					NRC Ave.
						ED	47.8	72.2	20.0		≥53.7
						Acute	60.5	64.9	92.0		>72.5
						Communications re: Medications					NRC Ave.
						Acute	51.4	66.1	91.0		>64.5
Hospital Acquired Pressure Ulcer Incidents (Per 1000 admissions)	2017					Nurse Staffing Effectiveness: Transfers r/t staffing/beds	2017				
	Q1	Q2	Q3	Q4	National		Q1	Q2	Q3	Q4	Goal
SNF	2.2	0.0	0.0	0.0	3.17						
Acute	3.3	0.0	0.0	0.0	3.68		4	4	1	0	≤0
Green = Goal Met Yellow = Below goal Red = Continues below goal or significantly below goal											
2013 Hospital falls std from J Amer Med, AHRQ & PubMed											



# Rate My Hospital Mean Overall Scores



Expenses					
⊕ Salaries	5,309,595	5,071,088	-238,507	-4.7%	5,409,168
⊕ Prof Fees-Agency	501,730	298,063	-203,667	-68.3%	329,044
⊕ Paid Time Off	743,102	705,881	-37,221	-5.3%	705,881
⊕ Employee Benefits	442,147	446,459	4,312	1.0%	446,459
⊕ Prof Fees-Phys	43,200	65,286	22,086	33.8%	65,286
⊕ Supplies	280,390	193,285	-87,105	-45.1%	220,691
⊕ Minor Equipment	37,652	19,890	-17,762	-89.3%	19,890
⊕ Pat Chg Supplies	1,391,286	1,207,325	-183,962	-15.2%	1,246,511
⊕ Purchased Svcs	83,581	109,079	25,497	23.4%	110,434
⊕ Education-Travel	8,589	11,928	3,339	28.0%	11,928
⊕ Other Expenses	40,356	47,040	6,684	14.2%	47,040
Total Expenses	8,881,629	8,175,323	-706,306	-8.6%	8,612,332

			D		
	<u>Svc Unit</u>	<u>Visits</u>	<u>Reimb</u>	<u>Cost</u>	<u>Margin</u>
9/1/2016-8/31/2017	ER SU	10,061	\$ 11,872,553	\$ (5,401,170)	\$ 6,471,383
12/1/2016-11/30/2017	ER SU	10031	\$ 11,871,206	\$ (5,492,172)	\$ 6,379,035
	Obstetrics	615	\$ 1,501,671	\$ (1,692,539)	\$ (190,868)
	Obstetrics	615	\$ 1,331,063	\$ (1,722,800)	\$ (391,736)
	OPSURG SU	1,582	\$ 5,122,445	\$ (3,122,625)	\$ 1,999,820
	OPSURG SU	1,642	\$ 5,040,851	\$ (3,105,658)	\$ 1,935,193
	Special Procedures	1,518	\$ 2,381,205	\$ (1,671,184)	\$ 710,021
	Special Procedures	1,553	\$ 2,324,868	\$ (1,659,000)	\$ 665,868
	Inpatient	1,188	\$ 16,321,249	\$ (11,198,902)	\$ 5,122,347
	Inpatient	1,173	\$ 15,375,698	\$ (11,241,130)	\$ 4,134,569
	SNF SU	368	\$ 3,352,548	\$ (2,899,682)	\$ 452,866
	SNF SU	370	\$ 3,343,713	\$ (3,055,322)	\$ 288,391

# JANUARY

	Jan 13th- 19th	Jan 1st- 19th	Monthly Goal	YTD FY 2018	YTD FY 2017	Goal 2% growth per service YTD	Over/Under
Surgical Service							
BARIATRIC CASES	3	10	6	37	34	8%	3
ENT	0	0	1	2	2	0%	0
GENERAL ORTHOPEDICS	9	16	41	213	266	-25%	-53
GENERAL SURGERY	3	8	25	100	119	-19%	-19
JOINT REPLACEMENTS	3	6	12	76	81	-7%	-5
OB/GYN	2	3	12	71	67	6%	4
OPHTHALMOLOGY	4	7	26	126	77	39%	49
PAIN MANAGEMENT	5	17	19	393	138	65%	255
BREAST	0	0	3	0	0	0%	0
PODIATRY	0	1	2	17	16	6%	1
SPINE CASES	1	1	1	3	14	-78%	-11
UROLOGY CASES	0	0	2	3	5	-67%	-2
VASCULAR CASES	0	0	4	7	8	-14%	-1
TOTAL SURGICAL CASES	30	69	154	1048	827	22%	221
ENDOSCOPY CASES	21	44	46	457	303	37%	154
Total all Cases	51	113	197	1505	1130	25%	375
MISC. CASES	1	2	4	25	23	8%	2



2006-2017 Admissions/Transfers from the ED

6.

BOARD WORK PLAN  
FOR 2018



# Sonoma Valley District Board Calendar - 2018

January	February	March	April	May	June
<ul style="list-style-type: none"> <li>• Make Board Member Committee Assignments</li> </ul>	<ul style="list-style-type: none"> <li>• Review Collaboration Agreement</li> <li>• Nursing Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>• Review Budget Assumptions</li> <li>• Payer Mix/ Revenue Cycle</li> <li>• Information Services Annual Report</li> <li>• Chief of Staff Report</li> </ul>	<ul style="list-style-type: none"> <li>• Review Strategic Planning Assumptions</li> <li>• Outpatient Diagnostic Center Project</li> <li>• Quarterly Growth Report</li> </ul>	<ul style="list-style-type: none"> <li>• Review HR Annual Report</li> <li>• Approve Three Year Rolling Strategic Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Approve Operating Budget</li> <li>• Marketing/PR Update</li> </ul>
July	August	September	October	November	December
<ul style="list-style-type: none"> <li>• Approve Capital Budget</li> <li>• Quarterly Growth Report</li> </ul>	<ul style="list-style-type: none"> <li>• Set CEO Incentive Compensation Goals</li> <li>• SVHF Annual Update</li> </ul>	<ul style="list-style-type: none"> <li>• Approve CEO Performance Evaluation</li> <li>• Ancillary Services Annual Report</li> <li>• Chief of Staff Report</li> </ul>	<ul style="list-style-type: none"> <li>• Approve CEO Compensation</li> <li>• Quarterly Growth Report</li> </ul>	<ul style="list-style-type: none"> <li>• Approve Audit</li> <li>• Approve SVHCD Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>• Elect District Officers</li> </ul>

# Possible Speakers, Education Opportunities, Briefings

Possible Speakers/Guests that have been suggested

- County Supervisor – Susan Gorin
- City of Sonoma Manager – Cathy Capriola (*invited for the March Board meeting*)
- Sonoma Community Health Center CEO – Cheryl Johnson
- Sonoma County Health Services – Beth Dadko
- Hospital Council of Northern & Central California – T Abraham
- Hospice by the Bay – Kitty Whitaker
- Vintage House Executive Director – Priscilla Essert
- Medical Board of CA – Cannabis Task Force – Kristina Lawson
- Destination Hospital/Regional Center of Excellence – TBD (Sharon checking on San Diego speaker)
- 1206B and Rural Health Center - TBD

7.

ADMINISTRATIVE REPORT  
FEBRUARY 2018



**To:** SVHCD Board of Directors  
**From:** Kelly Mather  
**Date:** 1/25/18  
**Subject:** Administrative Report

**Summary**

We are excited that the UCSF Collaboration Agreement is being presented to the Board for review on February 1<sup>st</sup>. Their mission, vision, values, reputation and quality align very well with SVH.

**Strategic Update from FY 2018 Strategic Plan:**

Strategic Priorities	Update
Highest levels of health care safety, quality and value	<ul style="list-style-type: none"> <li>➤ Emergency is working on the “Stroke Readiness” certification.</li> <li>➤ We are screening applicants for a Medical Director to replace the CMO position.</li> <li>➤ We are using standard protocols to ensure Evidence Based Medicine is present.</li> <li>➤ The Workplace Violence Prevention program is under way.</li> <li>➤ All leaders have completed their Sexual Harassment education.</li> <li>➤ We have completed the “Highly Reliable Organization” goals.</li> </ul>
Be the preferred hospital for patients, physicians, employers and health plans	<ul style="list-style-type: none"> <li>➤ 3D Mammography construction is complete and we are waiting on the State to give us the license.</li> <li>➤ The capital campaign for the Outpatient Diagnostic Center has started off well.</li> <li>➤ We are interviewing 2 of the proposers for the ODC and will select a design-build team in early February.</li> <li>➤ Sonoma Family Practice has signed with the intent to become a District based 1206b clinic; this will take approximately 4 months to get started. A Board resolution will be discussed at the March meeting.</li> <li>➤ We did the annual salary increases in January and they were well received.</li> </ul>
Implement new and enhanced revenue strategies as measured by increased direct margins in each service unit	<ul style="list-style-type: none"> <li>➤ The UCSF collaboration agreement is under way.</li> <li>➤ The Women’s Place launch has begun with a nice marketing campaign due to the SVHF funding from Celebration of Women.</li> <li>➤ We are considering a Pain Management service line with our current physicians.</li> <li>➤ The “Conversations with a Doctor” went extremely well, again. Dr Lee was great!</li> <li>➤ We are marketing Dr. Sabrina Kidd again as she is the only Colorectal surgeon in the North Bay.</li> </ul>
Continue to improve financial stability as measured by operating margin	<ul style="list-style-type: none"> <li>➤ The management restructure and reduction is complete. We are still looking for a manager over Physical Therapy.</li> <li>➤ We will have a \$1.3 million pick up from the South Lot sale in October 2018.</li> <li>➤ Based on January volumes, our operating margin should be better.</li> <li>➤ We are looking at potential partners for one of our service lines.</li> </ul>
Lead progress toward being a healthier community as measured by community benefit	<ul style="list-style-type: none"> <li>➤ Dave Pier, Jane Hirsch and I spoke at the Sonoma Valley Women’s Club this month. We are continuing the conversations with the community.</li> <li>➤ Wear Red Day for Heart Disease awareness is February 2<sup>nd</sup>.</li> <li>➤ A new Girl Talk is being marketed and led by Dr. Levy-Gant.</li> <li>➤ The “PR Committee”, which includes 2 Board members, met and has decided to move forward with focus groups. We will do a community perception survey in the fall. We will also work to create some hospital champions in the community.</li> </ul>

## DECEMBER 2017

			National
Patient Experience	Current Performance	FY 2018 Goal	Benchmark
Would Recommend Hospital	47 <sup>th</sup> percentile	> 60th percentile	50th percentile
Inpatient Overall Rating	50 <sup>th</sup> percentile	>60th percentile	50th percentile
Home Health	92%	> 90%	> 80%
Outpatient Services	4.83	Rate My Hospital	4.5
Emergency	4.50	Rate My Hospital	4.5
Quality & Safety	YTD Performance	FY 2018 Goal	Benchmark
Hospital Acquired Infections	5 of 6 <benchmark	5 of 6 <benchmark	6 of 6 < benchmark
30 Day All- Cause Readmissions	9.70%	< 10 %	< 18.5%
Serious Safety Events	0	0	0
Overall Surgical Site Infection Rate	0.43%	0.50%	n/a
Hand Hygiene	98%	>90%	>80%
Falls	1.7	< 2.3	2.3
Pressure Ulcers	0	<3.7	3.7
Injuries to Staff	3	< 10	17
Adverse Drug Events with Harm	0	0	0
C Section rate	11.3%	<20%	< 20%
Wound Care time to heal	22 days	< 30 days	< 31 days
Repeat Analysis in Radiology	3.25%	< 5%	< 5%
Reportable HIPAA Privacy Events	0	0	0
SNF Star Rating	5	4	3
Hospital Star Rating	4	4	3
Our People	YTD Performance	FY 2018 Goal	Benchmark
Press Ganey Engagement Survey	74 <sup>th</sup> percentile	75th percentile	50th percentile
Wellness Ambassadors	253	250	> 200
Turnover	9.7%	< 10%	< 15%
Financial Stability	YTD Performance	FY 2018 Goal	Benchmark
EBDA	-1.4%	2.9%	3%
FTE's/AOB	3.85	4.3	5.3
Days Cash on Hand	17.6	20	30
Days in Accounts Receivable	51	49	50
Length of Stay	3.5	3.85	4.03
Cost per Medicare Beneficiary	\$18,430	<\$20,000	\$20,473
Funds raised by SVHF	\$1,935,357	\$1,483,950	\$1 million
Strategic Growth	YTD Performance	FY 2018 Goal	Benchmark
Inpatient Discharges	539/1077	1193	1225
Outpatient Visits	26,297/52,594	57,771	55,566
Emergency Visits	4378/10,594	11,022	11,019
Surgeries	954/1908	1,800	1,680
Births	56/112	132	120
Home Health Visits	4671/9342	11,053	11,400
Community Benefit Hours	815/1630	1200	1200



Healing Here at Home

## TRENDED MONTHLY RESULTS

MEASUREMENT	Goal FY 2018	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017
FY YTD Turnover	<10%	.9	3.1	5.3	6.8	9.7	9.7	5.6	6.3	7.2	7.7	8.4	9
Leave of Absences	<12	10	10	11	11	11	9						
EBDA	>3%	.1	-.9	-1.1	.1	-1.2	-1.4	2.2	2	3	3	3.1	3.6
Operating Revenue	>5m	5.0	4.8	4.6	4.6	4.5	4.5	4.5	4.3	5.3	4.9	5.3	5.2
Expense Management	<5m	5.1	5.3	5.2	4.8	5.3	5.1	5.0	4.8	5.4	5.3	5.6	5.2
Net Income	>50k	-197	-164	-230	62	-379	-226	-107	307	304	-24	16	180
Days Cash on Hand	>20	16	10	9	12.5	14	17.4	20	27	16	11	19	20
A/R Days	<50	45	43	47	45	48	51	50	46	44	47	44	45
Total FTE's	<320	318	314	316	304	329	307	316	322	322	313	319	321
FTEs/AOB	<4.0	4.23	3.75	4.19	4.04	4.86	3.85	3.74	3.54	3.93	4.22	3.73	4.14
Inpatient Discharges	>90	76	94	87	87	99	96	119	97	119	89	100	87
Outpatient Revenue	>\$13m	14.1	15.5	14.3	11.9	12.9	14.1	13.5	12.2	15.1	13.1	15.5	15.4
Surgeries	>150	162	164	187	120	155	160	148	127	189	171	173	197
Home Health	>950	870	713	789	871	630	798	877	922	849	934	966	940
Births	>11	6	10	5	12	11	10	11	12	12	11	7	15
SNF days	>550	528	500	479	624	468	563	592	607	572	512	559	458
MRI	>120	102	134	128	100	80	105	115	107	137	121	116	109
Cardiology (Echos)	>50	62	93	73	54	80	93	55	69	89	70	70	79
Laboratory	>12	11.9	12.2	11.6	10.8	12.0	11.4	12.5	11.5	13.9	12.1	13.6	11.8
Radiology	>850	881	966	870	757	882	891	1012	981	1159	963	1142	1137
Rehab	>2700	2362	2872	2502	2078	2945	2884	2530	2161	3020	2748	2983	2802
CT	>300	326	390	354	271	272	386	341	323	398	385	407	376
ER	>900	920	894	921	827	816	919	1000	851	941	921	1069	964
Mammography	>200	223	235	201	191	253	249	171	215	246	191	214	219
Ultrasound	>300	287	326	265	188	236	258	253	284	334	213	279	312
Occupational Health	>600	642	705	552	707	588	416	484	568	611	631	607	659
Wound Care	>200	226	263	287	287	203	277	228	238	348	239	203	307

8.

FINANCIAL REPORT  
MONTH ENDED  
DECEMBER 31, 2017

**To:** SVH Finance Committee  
**From:** Ken Jensen, CFO  
**Date:** January 23, 2017  
**Subject:** Financial Report for the Month Ending December 31, 2017

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The actual loss of (\$642,836) from operations for December was (\$202,688) unfavorable to the budgeted loss of (\$440,148). Included in December's loss is \$148,497 in employee severance pay that relates to the hospitals cost savings plan that goes into effect January 1, 2018. After accounting for all other activity; the December net loss was (\$226,474) vs. the budgeted net loss of (\$32,063) with a monthly EBIDA of -1.1% vs. a budgeted 2.9%.

**Gross patient revenue** for December was \$22,824,380, \$859,220 over budget. Inpatient gross revenue was over budget by \$449,524. Inpatient days were over budget by 18 days and inpatient surgeries were under budgeted expectations by (4) cases. Outpatient revenue was over budget by 285,440. Outpatient visits were under budgeted expectations by (42) visits, and outpatient surgeries were over budgeted expectations by 30 cases. The Emergency Room gross revenue is over budget by \$35,605 with ER visits close to budgeted expectations of 919 visits. SNF gross charges were over budgeted expectations by \$107,992 and SNF patient days were over budget by 63 days. Home Health was under budget by (\$19,341) with visits under budget by (109) visits which is due to seeing a reduced number of Kaiser HHA patients.

Gross revenue from surgical implants in December is \$628,436 with \$429,952 from inpatient surgeries and \$198,484 from outpatient surgeries, and total implant costs were (\$158,207). The net, before any revenue deductions, is \$470,229.

**Deductions from revenue** were unfavorable to budgeted expectations by (\$1,093,912). Of the variance (\$250,772) is from the budgeted governmental program payments (IGT) being spread over 12 months. Without the IGT variance, the deductions from revenue variance is unfavorable by (\$843,140) which is due to the gross revenue being over budgeted expectations and the adjustment to net Accounts Receivables.

After accounting for all other operating revenue, the **total operating revenue** was unfavorable to budget by (\$246,282).

**Operating Expenses** of \$5,121,635 were favorable to budget by \$43,594. Salaries and wages and agency fees were under budget by 1,763. Salaries and wages were under budget by \$46,214 and agency fees were over budget by (\$44,451). Included in the salaries and wages is severance pay of \$148,497.



Employee benefits were over budget by (\$22,298) due to PTO, year-to-date Employee Benefits are under budget by \$105,939. Professional fees were over budget by (\$6,642) primarily due to the Chief Revenue officer position being moved from employee to consultant. Supplies were over budget (\$43,998) primarily in surgery due to volume (\$47,698) and lab (\$9,487). Interest expense was over budget by (\$6,538) due to the payment of interest to Sonoma County for the advance of the parcel tax funds (\$7,397). There were no matching fees posted in December.

Administration has implemented both salary and program adjustments to improve the hospital's net income beginning in January 2018. Projected savings of \$100,000 to \$150,000 per month are expected.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for December was (\$387,965) vs. a budgeted net loss of (\$191,386). The total net loss for December after all activity was (\$226,474) vs. a budgeted net loss of (\$32,063).

EBIDA for the month of December was -1.1% vs. the budgeted 2.9%.

#### Patient Volumes – December

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	96	92	4	100
Newborn Discharges	10	15	-5	9
Acute Patient Days	386	368	18	355
SNF Patient Days	563	500	63	500
Home Care Visits	798	907	-109	919
OP Gross Revenue	\$14,051	\$13,739	\$312	\$12,935
Surgical Cases	160	134	26	126

#### Gross Revenue Overall Payer Mix – December

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	44.6%	45.2%	-0.6%	44.3%	45.4%	-1.1%
Medicare Mgd Care	12.2%	9.9%	2.3%	12.0%	9.9%	2.1%
Medi-Cal	16.6%	18.0%	-1.4%	17.6%	17.9%	-0.3%
Self Pay	0.8%	1.3%	-0.5%	1.2%	1.2%	0.0%
Commercial	22.1%	20.5%	1.6%	20.5%	20.5%	0.0%
Workers Comp	1.6%	3.1%	-1.5%	2.2%	3.1%	-0.9%
Capitated	2.1%	2.0%	0.1%	2.2%	2.0%	0.2%
Total	100.0%	100.0%		100.0%	100.0%	

**Cash Activity for December:**

For the month of December the cash collection goal was \$3,251,228 and the Hospital collected \$3,540,692 or over the goal by \$289,464. The year-to-date cash collection goal was \$21,579,961 and the Hospital has collected \$21,977,090 or over goal by 397,129. Days of cash on hand are 17.6 days at December 31, 2017. Accounts Receivable increased from November, from 47.7 days to 50.5 days in December. Accounts Payable increased by \$517,215 from November and Accounts Payable days are at 49.3.

**ATTACHMENTS:**

- Attachment A is the Payer Mix Analysis which includes the projected collection percentage by payer.
- Attachment B is the Operating Indicators Report
- Attachment C is the Balance Sheet
- Attachment D (two pages) is the Statement of Revenue and Expense. The first page breaks out the hospital operations and page two includes all other activity.
- Attachment E is the Variance Analysis. The line number tie to the Statement of Revenue and Expense line numbers and explains any significant variances.
- Attachment F are the graphs for Revenue and Accounts Payable.
- Attachment G is the Statistical Analysis
- Attachment H is the Cash Forecast

**Sonoma Valley Hospital**  
**Payer Mix for the month of December 31, 2017**

ATTACHMENT A

**December-17**

**YTD**

<b>Gross Revenue:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	10,388,091	9,908,771	479,320	4.8%
Medicare Managed Care	2,734,585	2,178,808	555,777	25.5%
Medi-Cal	3,717,260	3,952,972	-235,712	-6.0%
Self Pay	190,369	279,338	-88,969	-31.8%
Commercial & Other Government	4,960,397	4,525,504	434,893	9.6%
Worker's Comp.	364,959	673,063	-308,104	-45.8%
Capitated	468,719	446,704	22,015	4.9%
<b>Total</b>	<b>22,824,380</b>	<b>21,965,160</b>	<b>859,220</b>	

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	57,847,822	61,322,196	-3,474,374	-5.7%
Medicare Managed Care	15,500,627	13,448,544	2,052,083	15.3%
Medi-Cal	22,859,058	24,186,732	-1,327,674	-5.5%
Self Pay	1,561,823	1,685,658	-123,835	-7.3%
Commercial & Other Government	26,562,509	27,805,887	-1,243,378	-4.5%
Worker's Comp.	2,895,744	4,124,992	-1,229,248	-29.8%
Capitated	2,870,393	2,766,303	104,090	3.8%
<b>Total</b>	<b>130,097,976</b>	<b>135,340,312</b>	<b>(5,242,336)</b>	

<b>Net Revenue:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	1,566,484	1,550,485	15,999	1.0%
Medicare Managed Care	408,634	279,726	128,908	46.1%
Medi-Cal	535,669	577,715	-42,046	-7.3%
Self Pay	87,893	125,903	-38,010	-30.2%
Commercial & Other Government	1,586,342	1,542,192	44,150	2.9%
Worker's Comp.	83,401	173,959	-90,558	-52.1%
Capitated	12,122	14,485	-2,363	-16.3%
Prior Period Adj/IGT	62,500	313,272	-250,772	-80.0%
<b>Total</b>	<b>4,343,045</b>	<b>4,577,737</b>	<b>(234,692)</b>	<b>-5.1%</b>

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	8,836,871	9,358,462	-521,591	-5.6%
Medicare Managed Care	2,206,238	1,726,659	479,579	27.8%
Medi-Cal	3,355,577	3,419,440	-63,863	-1.9%
Self Pay	804,062	790,438	13,624	1.7%
Commercial & Other Government	8,730,950	9,947,975	-1,217,025	-12.2%
Worker's Comp.	612,555	991,198	-378,643	-38.2%
Capitated	86,585	89,674	-3,089	-3.4%
Prior Period Adj/IGT	2,356,943	1,879,632	477,311	25.4%
<b>Total</b>	<b>26,989,781</b>	<b>28,203,478</b>	<b>(1,213,697)</b>	<b>-4.3%</b>

<b>Percent of Net Revenue:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	36.1%	33.9%	2.2%	6.5%
Medicare Managed Care	9.4%	6.1%	3.3%	54.1%
Medi-Cal	13.8%	19.5%	-5.7%	-29.2%
Self Pay	2.0%	2.8%	-0.8%	-28.6%
Commercial & Other Government	36.5%	33.6%	2.9%	8.6%
Worker's Comp.	1.9%	3.8%	-1.9%	-50.0%
Capitated	0.3%	0.3%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	32.7%	33.2%	-0.6%	-1.8%
Medicare Managed Care	8.2%	6.1%	2.1%	34.4%
Medi-Cal	21.2%	18.8%	2.4%	12.8%
Self Pay	3.0%	2.8%	0.2%	7.1%
Commercial & Other Government	32.3%	35.3%	-3.0%	-8.5%
Worker's Comp.	2.3%	3.5%	-1.2%	-34.3%
Capitated	0.3%	0.3%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.1%</b>	<b>-0.1%</b>

<b>Projected Collection Percentage:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	15.1%	15.6%	-0.5%	-3.2%
Medicare Managed Care	14.9%	12.8%	2.1%	16.4%
Medi-Cal	16.1%	22.5%	-6.4%	-28.4%
Self Pay	46.2%	45.1%	1.1%	2.4%
Commercial & Other Government	32.0%	34.1%	-2.1%	-6.2%
Worker's Comp.	22.9%	25.8%	-2.9%	-11.2%
Capitated	2.6%	3.2%	-0.6%	-18.8%

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	15.3%	15.3%	0.0%	0.0%
Medicare Managed Care	14.2%	12.8%	1.4%	10.9%
Medi-Cal	25.0%	21.9%	3.1%	14.2%
Self Pay	51.5%	46.9%	4.6%	9.8%
Commercial & Other Government	32.9%	35.8%	-2.9%	-8.1%
Worker's Comp.	21.2%	24.0%	-2.8%	-11.7%
Capitated	3.0%	3.2%	-0.2%	-6.3%

**SONOMA VALLEY HOSPITAL  
OPERATING INDICATORS  
For the Period Ended December 31, 2017**

**ATTACHMENT B**

<u>CURRENT MONTH</u>				<u>YEAR-TO-DATE</u>			<u>YTD</u>	
<u>Actual</u> <u>12/31/17</u>	<u>Budget</u> <u>12/31/17</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>		<u>Actual</u> <u>12/31/17</u>	<u>Budget</u> <u>12/31/17</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>	<u>Prior</u> <u>Year</u> <u>12/31/16</u>	
<b>Inpatient Utilization</b>								
<b>Discharges</b>								
1	86	76	10	Acute	451	524	(73)	524
2	10	16	(6)	ICU	88	95	(7)	73
3	96	92	4	Total Discharges	539	619	(80)	597
4	10	15	(5)	Newborn	56	86	(30)	70
5	106	107	(1)	Total Discharges inc. Newborns	595	705	(110)	667
<b>Patient Days:</b>								
6	315	267	48	Acute	1,428	1,814	(386)	1,792
7	71	101	(30)	ICU	484	589	(105)	591
8	386	368	18	Total Patient Days	1,912	2,403	(491)	2,383
9	21	30	(9)	Newborn	99	175	(76)	123
10	407	398	9	Total Patient Days inc. Newborns	2,011	2,578	(567)	2,506
<b>Average Length of Stay:</b>								
11	3.7	3.5	0.1	Acute	3.2	3.5	(0.3)	3.4
12	7.1	6.2	0.9	ICU	5.5	6.2	(0.7)	8.1
13	4.0	4.0	0.0	Avg. Length of Stay	3.5	3.9	(0.3)	4.0
14	2.1	2.0	0.1	Newborn ALOS	1.8	2.0	0.3	1.8
<b>Average Daily Census:</b>								
15	10.2	8.6	1.5	Acute	7.8	9.9	(2.1)	9.7
16	2.3	3.3	(1.0)	ICU	2.6	3.2	(0.6)	3.2
17	12.5	11.9	0.6	Avg. Daily Census	10.4	13.1	(2.7)	13.0
18	0.7	1.0	(0.3)	Newborn	0.54	0.95	(0.4)	0.67
<b>Long Term Care:</b>								
19	563	500	63	SNF Patient Days	3,162	3,253	(91)	3,253
20	27	22	5	SNF Discharges	166	143	23	179
21	18.2	16.1	2.0	Average Daily Census	17.2	17.7	(0.5)	17.7
<b>Other Utilization Statistics</b>								
<b>Emergency Room Statistics</b>								
22	919	942	(23)	Total ER Visits	5,297	5,399	(102)	5,399
<b>Outpatient Statistics:</b>								
23	4,315	4,357	(42)	Total Outpatients Visits	26,297	27,940	(1,643)	27,711
24	24	28	(4)	IP Surgeries	165	203	(38)	227
25	136	106	30	OP Surgeries	783	589	194	544
26	59	31	28	Special Procedures	388	188	200	270
27	798	907	(109)	Home Health Visits	4,671	5,649	(978)	5,629
28	315	306	9	Adjusted Discharges	1,945	1,956	(12)	2,011
29	2,427	2,321	106	Adjusted Patient Days (Inc. SNF)	13,980	14,522	(542)	14,574
30	78.3	74.9	3.4	Adj. Avg. Daily Census (Inc. SNF)	76.0	78.9	(2.9)	79.2
31	1.5742	1.4000	0.174	Case Mix Index -Medicare	1.5616	1.4000	0.162	1.7270
32	1.5357	1.4000	0.136	Case Mix Index - All payers	1.4958	1.4000	0.096	1.5869
<b>Labor Statistics</b>								
33	255	278	22.6	FTE's - Worked	276	283	7.0	278
34	307	318	10.7	FTE's - Paid	315	324	9.4	317
35	42.80	41.39	(1.41)	Average Hourly Rate	42.27	41.91	(0.37)	39.50
36	22.3	24.2	1.8	Manhours / Adj. Pat Day	23.6	23.4	(0.2)	22.8
37	172.4	183.6	11.2	Manhours / Adj. Discharge	169.6	173.7	4.0	165.5
38	22.7%	22.6%	-0.1%	Benefits % of Salaries	22.6%	22.4%	-0.3%	23.3%
<b>Non-Labor Statistics</b>								
39	12.2%	10.5%	-1.8%	Supply Expense % Net Revenue	11.9%	10.6%	-1.3%	12.6%
40	1,704	1,610	(95)	Supply Exp. / Adj. Discharge	1,697	1,568	(129)	1,723
41	16,797	17,419	622	Total Expense / Adj. Discharge	16,705	16,583	(121)	15,498
<b>Other Indicators</b>								
42	17.6			Days Cash - Operating Funds				
43	50.5	50.0	0.5	Days in Net AR	46.3	50.0	(3.8)	51.5
44	109%			Collections % of Net Revenue	102%			105.7%
45	49.3	55.0	(5.7)	Days in Accounts Payable	49.3	55.0	(5.7)	8.6
46	19.6%	21.4%	-1.9%	% Net revenue to Gross revenue	21.4%	21.4%	-0.1%	21.4%
47	23.1%			% Net AR to Gross AR	23.1%			25.5%

**Sonoma Valley Health Care District**  
**Balance Sheet**  
**As of December 31, 2017**

**ATTACHMENT C**

		<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
<b>Assets</b>				
Current Assets:				
1	Cash	\$ 2,026,449	\$ 2,342,550	\$ 4,034,999
2	Trustee Funds	2,109,656	2,108,022	1,691,161
3	Net Patient Receivables	8,615,759	8,385,741	8,483,511
4	Allow Uncollect Accts	(1,287,179)	(1,272,722)	(1,291,168)
5	Net A/R	7,328,580	7,113,019	7,192,343
6	Other Accts/Notes Rec	5,238,473	7,161,663	5,279,179
7	3rd Party Receivables, Net	1,081,279	981,487	1,406,133
8	Inventory	833,528	847,066	792,747
9	Prepaid Expenses	775,572	758,654	823,015
10	Total Current Assets	\$ 19,393,537	\$ 21,312,461	\$ 21,219,577
12	Property, Plant & Equip, Net	\$ 52,080,214	\$ 52,276,451	\$ 53,749,264
13	Specific Funds/ Money Market	919,250	919,177	326,018
14	Other Assets	-	-	-
15	Total Assets	\$ 72,393,001	\$ 74,508,089	\$ 75,294,859
 <b>Liabilities &amp; Fund Balances</b>				
Current Liabilities:				
16	Accounts Payable	\$ 3,811,805	\$ 3,294,590	\$ 3,643,087
17	Accrued Compensation	4,477,610	4,373,415	4,230,152
18	Interest Payable	528,880	423,103	551,329
19	Accrued Expenses	1,489,726	1,783,535	1,342,994
20	Advances From 3rd Parties	320,549	504,690	134,655
21	Deferred Tax Revenue	3,404,100	3,971,450	2,981,452
22	Current Maturities-LTD	1,285,002	1,291,404	1,260,079
23	Line of Credit - Union Bank	6,973,734	6,973,734	5,923,734
24	Other Liabilities	1,386	1,501,386	1,901,186
25	Total Current Liabilities	\$ 22,292,792	\$ 24,117,307	\$ 21,968,668
26	Long Term Debt, net current portion	\$ 35,096,302	\$ 35,160,401	\$ 37,845,904
27	Fund Balances:			
28	Unrestricted	\$ 11,026,005	\$ 11,269,063	\$ 12,219,105
29	Restricted	3,977,902	3,961,318	3,261,183
30	Total Fund Balances	\$ 15,003,907	\$ 15,230,381	\$ 15,480,287
31	Total Liabilities & Fund Balances	\$ 72,393,001	\$ 74,508,089	\$ 75,294,859

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
Comparative Results  
For the Period Ended December 31, 2017**

	Month					Year-To-Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual	Budget	\$	%		Actual	Budget	\$	%		
<b>1</b>	96	92	4	4%							
<b>2</b>	563	500	63	13%							
<b>3</b>	798	907	(109)	-12%							
<b>4</b>	14,051	13,739	312	2%							
					<b>Volume Information</b>						
					Acute Discharges	539	619	(80)	-13%	597	
					SNF Days	3,162	3,253	(91)	-3%	3,253	
					Home Care Visits	4,671	5,649	(978)	-17%	5,629	
					Gross O/P Revenue (000's)	\$ 82,930	\$ 82,582	349	0%	\$ 78,883	
					<b>Financial Results</b>						
					<b>Gross Patient Revenue</b>						
<b>5</b>	\$ 6,768,438	\$ 6,318,914	449,524	7%	Inpatient	\$ 35,323,131	\$ 40,880,581	(5,557,450)	-14%	\$ 38,536,996	
<b>6</b>	7,543,870	7,258,430	285,440	4%	Outpatient	45,451,949	43,842,509	1,609,440	4%	40,642,801	
<b>7</b>	6,224,869	6,189,264	35,605	1%	Emergency	35,853,168	36,901,278	(1,048,110)	-3%	36,468,766	
<b>8</b>	1,994,385	1,886,393	107,992	6%	SNF	11,772,337	11,774,227	(1,890)	0%	11,264,270	
<b>9</b>	292,818	312,159	(19,341)	-6%	Home Care	1,697,391	1,941,717	(244,326)	-13%	1,969,462	
<b>10</b>	\$ 22,824,380	\$ 21,965,160	859,220	4%	<b>Total Gross Patient Revenue</b>	\$ 130,097,976	\$ 135,340,312	(5,242,336)	-4%	\$ 128,882,295	
					<b>Deductions from Revenue</b>						
<b>11</b>	\$ (18,401,495)	\$ (17,578,088)	(823,407)	-5%	Contractual Discounts	\$ (104,622,529)	\$ (108,280,824)	3,658,295	3%	\$ (103,159,822)	
<b>12</b>	(100,000)	(100,000)	-	0%	Bad Debt	(753,000)	(600,000)	(153,000)	-26%	(690,000)	
<b>13</b>	(42,340)	(22,607)	(19,733)	-87%	Charity Care Provision	(89,609)	(135,642)	46,033	34%	(157,833)	
<b>14</b>	62,500	313,272	(250,772)	-80%	Prior Period Adj/Government Program Revenue	2,356,943	1,879,632	477,311	*	1,844,626	
<b>15</b>	\$ (18,481,335)	\$ (17,387,423)	(1,093,912)	6%	<b>Total Deductions from Revenue</b>	\$ (103,108,195)	\$ (107,136,834)	4,028,639	-4%	\$ (102,163,029)	
					<b>Net Patient Service Revenue</b>	\$ 26,989,781	\$ 28,203,478	(1,213,697)	-4%	\$ 26,719,266	
<b>16</b>	\$ 4,343,045	\$ 4,577,737	(234,692)	-5%	Risk contract revenue	\$ 773,057	\$ 771,126	1,931	0%	\$ 779,508	
<b>17</b>	\$ 122,912	\$ 128,521	(5,609)	-4%	Net Hospital Revenue	\$ 27,762,838	\$ 28,974,604	(1,211,766)	-4%	\$ 27,498,774	
<b>18</b>	\$ 4,465,957	\$ 4,706,258	(240,301)	-5%	Other Op Rev & Electronic Health Records	\$ 100,379	\$ 112,938	(12,559)	-11%	\$ 244,367	
<b>19</b>	\$ 12,842	\$ 18,823	(5,981)	-32%	<b>Total Operating Revenue</b>	\$ 27,863,217	\$ 29,087,542	(1,224,325)	-4%	\$ 27,743,141	
<b>20</b>	\$ 4,478,799	\$ 4,725,081	(246,282)	-5%	<b>Operating Expenses</b>						
<b>21</b>	\$ 2,321,077	\$ 2,322,840	1,763	0%	Salary and Wages and Agency Fees	\$ 13,945,282	\$ 14,236,847	291,565	2%	\$ 13,147,150	
<b>22</b>	901,676	879,378	(22,298)	-3%	Employee Benefits	5,250,140	5,356,079	105,939	2%	5,187,256	
<b>23</b>	\$ 3,222,753	\$ 3,202,218	(20,535)	-1%	Total People Cost	\$ 19,195,422	\$ 19,592,926	397,504	2%	\$ 18,334,406	
<b>24</b>	\$ 415,973	\$ 409,331	(6,642)	-2%	Med and Prof Fees (excl Agency)	\$ 2,468,822	\$ 2,456,639	(12,183)	0%	\$ 2,362,627	
<b>25</b>	536,194	492,196	(43,998)	-9%	Supplies	3,299,378	3,067,879	(231,499)	-8%	3,464,228	
<b>26</b>	368,318	376,471	8,153	2%	Purchased Services	2,194,410	2,258,464	64,054	3%	1,854,751	
<b>27</b>	284,518	282,312	(2,206)	-1%	Depreciation	1,710,077	1,693,872	(16,205)	-1%	1,675,882	
<b>28</b>	81,892	101,622	19,730	19%	Utilities	654,986	609,732	(45,254)	-7%	619,556	
<b>29</b>	31,819	27,614	(4,205)	-15%	Insurance	190,914	165,684	(25,230)	-15%	175,752	
<b>30</b>	54,342	47,804	(6,538)	-14%	Interest	288,331	274,785	(13,546)	-5%	226,145	
<b>31</b>	125,826	139,228	13,402	10%	Other	725,081	835,754	110,673	13%	799,764	
<b>32</b>	-	86,433	86,433	*	Matching Fees (Government Programs)	775,755	518,598	(257,157)	-50%	747,361	
<b>33</b>	\$ 5,121,635	\$ 5,165,229	43,594	1%	<b>Operating expenses</b>	\$ 31,503,176	\$ 31,474,333	(28,843)	0%	\$ 30,260,472	
<b>34</b>	\$ (642,836)	\$ (440,148)	(202,688)	-46%	<b>Operating Margin</b>	\$ (3,639,959)	\$ (2,386,791)	(1,253,168)	-53%	\$ (2,517,331)	

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
Comparative Results  
For the Period Ended December 31, 2017**

	Month					Year-To-Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual	Budget	\$	%		Actual	Budget	\$	%		
<b>35</b>	\$ (5,030)	\$ (13,222)	8,192	-62%						\$ (60,510)	
<b>36</b>	-	-	-	0%						53,887	
<b>37</b>	(56,766)	(54,683)	(2,083)	4%						(225,000)	
<b>38</b>	316,667	316,667	-	0%						1,500,378	
<b>39</b>	0	0	-	0%							
<b>40</b>	<u>\$ 254,871</u>	<u>\$ 248,762</u>	<u>6,109</u>	<u>2%</u>						<u>\$ 1,268,755</u>	
<b>41</b>	<u>\$ (387,965)</u>	<u>\$ (191,386)</u>	<u>(196,579)</u>	<u>103%</u>	<b>Net Income / (Loss) prior to Restricted Contributions</b>	<u>\$ (2,100,480)</u>	<u>\$ (893,417)</u>	<u>(1,180,188)</u>	<u>132%</u>	<u>\$ (1,248,576)</u>	
<b>42</b>	\$ 16,584	\$ 14,416	2,168	15%	Capital Campaign Contribution	\$ 86,501	\$ 86,500	1	0%	\$ 66,512	
<b>43</b>	\$ -	\$ -	-	0%	Restricted Foundation Contributions	\$ 12,267	\$ -	12,267	100%	\$ -	
<b>44</b>	<u>\$ (371,381)</u>	<u>\$ (176,970)</u>	<u>(194,411)</u>	<u>110%</u>	<b>Net Income / (Loss) w/ Restricted Contributions</b>	<u>\$ (2,001,712)</u>	<u>\$ (806,917)</u>	<u>(1,194,795)</u>	<u>148%</u>	<u>\$ (1,182,064)</u>	
<b>45</b>	250,683	250,683	-	0%	GO Bond Tax Assessment Rev	1,504,098	1,504,098	-	0%	1,481,454	
<b>46</b>	(105,776)	(105,776)	-	0%	GO Bond Interest	(639,146)	(639,146)	-	0%	(677,239)	
<b>47</b>	<u>\$ (226,474)</u>	<u>\$ (32,063)</u>	<u>(194,411)</u>	<u>606%</u>	<b>Net Income/(Loss) w GO Bond Activity</b>	<u>\$ (1,136,760)</u>	<u>\$ 58,035</u>	<u>(1,194,795)</u>	<u>-2059%</u>	<u>\$ (377,849)</u>	
	\$ (49,105)	\$ 138,730			<b>EBIDA - Not including Restricted Contributions</b>	\$ (102,072)	\$ 1,075,240			\$ 653,451	
	-1.1%	2.9%				-0.4%	3.7%			2.4%	
	\$ (103,447)	\$ 90,926			<b>EBDA - Not including Restricted Contributions</b>	\$ (390,403)	\$ 800,455				
	-2.3%	1.9%				-1.4%	2.8%				

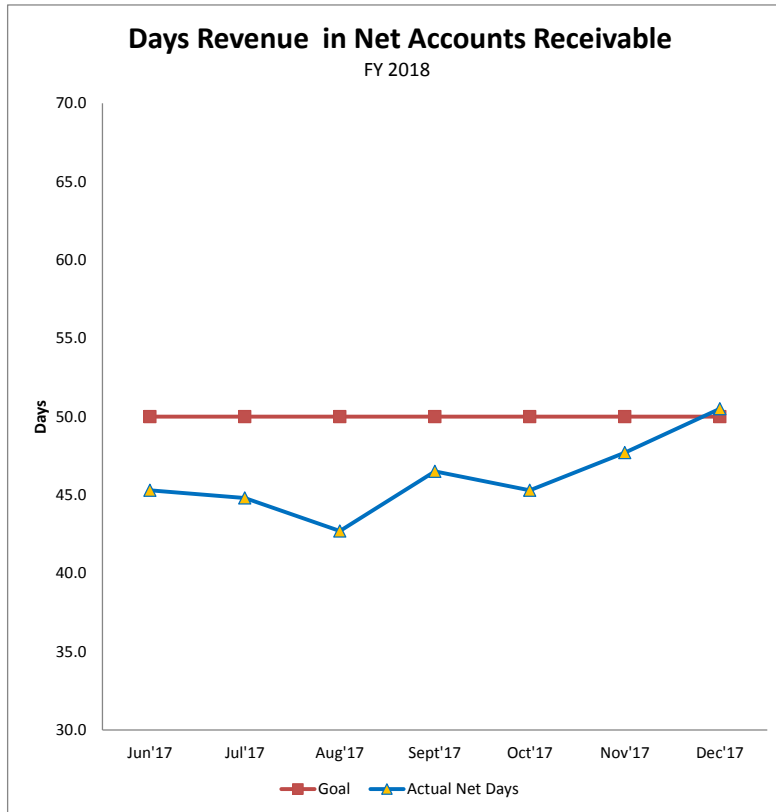
**Sonoma Valley Health Care District**  
**Statement of Revenue and Expenses Variance Analysis**  
**For the Period Ended December 31, 2017**

	YTD	MONTH	
Description	Variance	Variance	
<b>Volume Information</b>			
1 Acute Discharges	(80)	4	
2 SNF Days	(91)	63	
3 Home Care Visits	(978)	(109)	
4 Gross O/P Revenue (000's)	349	312	
<b>Financial Results</b>			
<b>Gross Patient Revenue</b>			
5 Inpatient	(5,557,450)	449,524	Inpatient days are 386 days vs. budgeted expectations of 368 days and inpatient surgeries are 24 vs. budgeted expectations 28.
6 Outpatient	1,609,440	285,440	Outpatient visits are 4,315 vs. budgeted expectations of 4,357 visits and outpatient surgeries are 136 vs. budgeted expectations 106.
7 Emergency	(1,048,110)	35,605	ER visits are 919 vs. budgeted visits of 942.
8 SNF	(1,890)	107,992	SNF patient days are 563 vs. budgeted expected days of 500.
9 Home Care	(244,326)	(19,341)	HHA visits are 798 vs. budgeted expectations of 907.
10 <b>Total Gross Patient Revenue</b>	<b>(5,242,336)</b>	<b>859,220</b>	
<b>Deductions from Revenue</b>			
11 Contractual Discounts	3,658,295	(823,407)	
12 Bad Debt	(153,000)	-	
13 Charity Care Provision	46,033	(19,733)	
14 Prior Period Adj/Government Program Revenue	477,311	(250,772)	Accrued \$62,500 for the prime grant. Budgeted payments from governmental programs spread over 12 months.
15 <b>Total Deductions from Revenue</b>	<b>4,028,639</b>	<b>(1,093,912)</b>	
16 <b>Net Patient Service Revenue</b>	<b>(1,213,697)</b>	<b>(234,692)</b>	
17 Risk contract revenue	1,931	(5,609)	
18 <b>Net Hospital Revenue</b>	<b>(1,211,766)</b>	<b>(240,301)</b>	
19 Other Op Rev & Electronic Health Records	(12,559)	(5,981)	
20 <b>Total Operating Revenue</b>	<b>(1,224,325)</b>	<b>(246,282)</b>	
<b>Operating Expenses</b>			
21 Salary and Wages and Agency Fees	291,565	1,763	Salaries and Wages are under budget by \$46,214 and the Agency fees are over budget by (\$44,451). Included in the Salaries and wages is severance pay totaling \$148,497.
22 Employee Benefits	105,939	(22,298)	PTO is over budget by (\$24,205) and employee benefits are under budget by \$1,907.
23 <b>Total People Cost</b>	<b>397,504</b>	<b>(20,535)</b>	
24 Med and Prof Fees (excl Agency)	(12,183)	(6,642)	Chief Revenue Officer was moved from employee to consultant (\$17,680).
25 Supplies	(231,499)	(43,998)	Supplies were over budget primarily in surgery due to higher than budgeted outpatient surgeries (\$47,698) and in the Lab (\$9,487)
26 Purchased Services	64,054	8,153	
27 Depreciation	(16,205)	(2,206)	
28 Utilities	(45,254)	19,730	
29 Insurance	(25,230)	(4,205)	
30 Interest	(13,546)	(6,538)	Interest paid to Sonoma County for the advance parcel tax funds (\$7,397).
31 Other	110,673	13,402	
32 Matching Fees (Government Programs)	(257,157)	86,433	No matching fees posted in December. The budgeted matching fees are spread evenly over 12 months.
33 <b>Operating expenses</b>	<b>(28,843)</b>	<b>43,594</b>	
34 <b>Operating Margin</b>	<b>(1,253,168)</b>	<b>(202,688)</b>	
<b>Non Operating Rev and Expense</b>			
35 Miscellaneous Revenue	63,157	8,192	
36 Donations	22,321	-	
37 Physician Practice Support-Prima	(12,498)	(2,083)	
38 Parcel Tax Assessment Rev	-	-	
39 Extraordinary Items	(26,875)	-	
40 <b>Total Non-Operating Rev/Exp</b>	<b>72,980</b>	<b>6,109</b>	
		-	

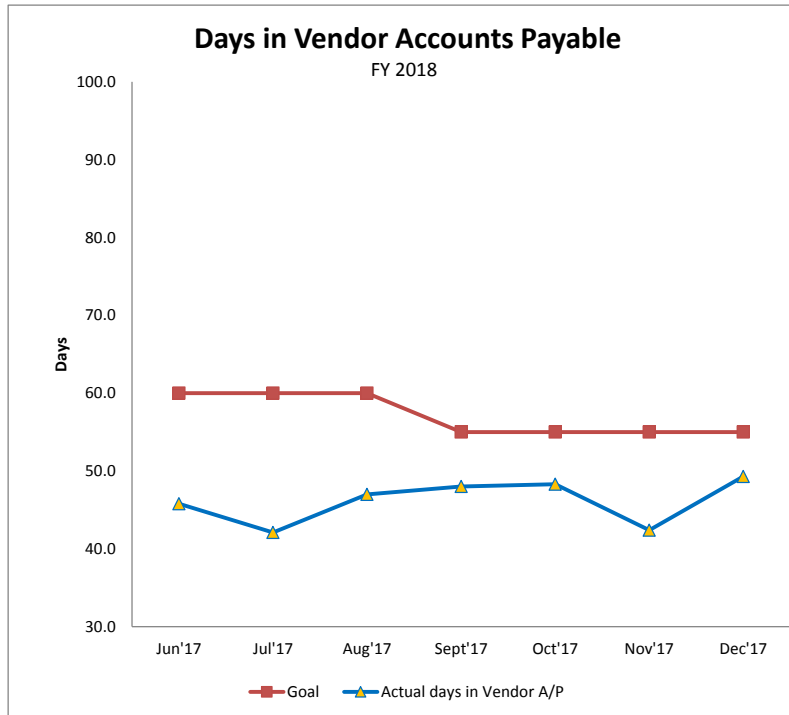


**Sonoma Valley Health Care District**  
**Statement of Revenue and Expenses Variance Analysis**  
**For the Period Ended December 31, 2017**

	YTD	MONTH
Description	Variance	Variance
41 Net Income / (Loss) prior to Restricted Contributions	(1,180,188)	(196,579)
42 Capital Campaign Contribution	1	2,168
43 Restricted Foundation Contributions	12,267	-
44 Net Income / (Loss) w/ Restricted Contributions	(1,194,795)	(194,411)
45 GO Bond Tax Assessment Rev	-	-
46 GO Bond Interest	-	-
47 Net Income/(Loss) w GO Bond Activity	(1,194,795)	(194,411)



Days in A/R	Jun'17	Jul'17	Aug'17	Sept'17	Oct'17	Nov'17	Dec'17
Actual days in A/R	45.3	44.8	42.7	46.5	45.3	47.7	50.5
Goal	50.0	50.0	50.0	50.0	50.0	50.0	50.0



Days in A/P	Jun'17	Jul'17	Aug'17	Sept'17	Oct'17	Nov'17	Dec'17
Actual days in Vendor A/P	45.8	42.1	47.0	48.0	48.3	42.4	49.3
Goal	60.0	60.0	60.0	55.0	55.0	55.0	55.0

Sonoma Valley Hospital  
 Statistical Analysis  
 FY 2018

ATTACHMENT G

	ACTUAL		BUDGET		ACTUAL													
	Dec-17	Dec-17	Dec-17	Dec-17	Nov-17	Oct-17	Sep-17	Aug-17	Jul-17	Jun-17	May-17	Apr-17	Mar-17	Feb-17	Jan-17	Dec-16	Nov-16	
<b>Statistics</b>																		
<b>Acute</b>																		
Acute Patient Days	386	368			321	315	325	325	240	346	388	368	415	415	465	355	396	
Acute Discharges (w/o Newborns)	96	92			99	87	87	94	76	87	100	89	119	97	119	100	95	
SNF Days	563	500			468	624	479	500	528	458	559	512	572	607	592	500	446	
HHA Visits	798	907			630	871	789	713	870	940	966	934	849	922	877	919	938	
Emergency Room Visits	919	942			816	827	921	894	920	964	1,069	921	941	851	1,000	942	850	
Gross Outpatient Revenue (000's)	\$14,051	\$13,739			\$12,952	\$11,864	\$14,364	\$15,524	\$14,175	\$15,454	\$15,523	\$13,168	\$15,098	\$12,189	\$13,500	\$12,935	\$13,147	
Equivalent Patient Days	2,471	2,321			2,030	2,334	2,266	2,591	2,332	2,328	2,654	2,227	2,537	2,553	2,618	2,382	2,202	
Births	10	15			11	12	5	10	6	15	7	11	12	12	11	9	8	
Surgical Cases - Inpatient	24	28			34	23	33	22	29	36	30	47	40	26	38	28	38	
Surgical Cases - Outpatient	136	106			121	97	154	142	133	161	143	124	149	101	110	98	123	
Total Surgical Cases	160	134			155	120	187	164	162	197	173	171	189	127	148	126	161	
Total Special Procedures	59	31			73	52	75	77	52	66	58	44	36	41	28	40	32	
Medicare Case Mix Index	1.57	1.40			1.55	1.49	1.54	1.57	1.65	1.66	1.69	1.64	1.45	1.52	1.47	1.59	1.79	
<b>Income Statement</b>																		
Net Revenue (000's)	\$4,466	\$4,706			4,474	4,543	4,518	4,775	4,988	5,188	5,330	4,924	5,283	4,266	\$4,528	\$3,588	\$4,452	
Operating Expenses (000's)	\$5,122	\$5,165			\$5,332	\$4,872	\$5,206	\$5,380	\$5,592	\$5,250	\$5,678	\$5,308	\$5,395	\$4,803	\$5,026	\$4,713	\$5,047	
Net Income (000's)	(\$226)	(\$32)			\$ (380)	\$ 62	\$ (230)	\$ (165)	\$ (198)	\$ 690	\$ 16	\$ (24)	\$ 304	\$ 308	\$ (108)	\$ (600)	\$ (65)	
<b>Productivity</b>																		
Total Operating Expense Per Equivalent Patient Day	\$2,073	\$2,225			\$2,627	\$2,087	\$2,297	\$2,076	\$2,398	\$2,255	\$2,139	\$2,383	\$2,127	\$1,881	\$1,920	\$1,979	\$2,292	
Productive FTEs	255	278			316	246	289	279	271	278	291	285	294	294	280	253	289	
Non-Productive FTE's	52	40			13	58	27	35	47	43	28	28	28	28	36	56	30	
Total FTEs	307	318			329	304	316	314	318	321	319	313	322	322	316	309	319	
FTEs per Adjusted Occupied Bed	3.85	4.24			4.86	4.04	4.19	3.75	4.23	4.14	3.73	4.22	3.93	3.54	3.74	4.03	4.35	
<b>Balance Sheet</b>																		
Days of Expense In General Operating Cash	17.6				14	12	9	11	16	20	19	11	16	27	20	25	10	
Net Days of Revenue in AR	51	50			48	45	47	43	45	45	44	47	44	46	50	51	53	

Sonoma Valley Hospital  
Cash Forecast  
FY 2018

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	TOTAL
<b>Hospital Operating Sources</b>													
1 Patient Payments Collected	4,502,585	4,253,229	4,093,599	4,253,616	3,890,115	3,814,761	4,476,616	4,409,693	4,706,455	4,322,606	4,357,338	4,351,807	51,432,421
2 Capitation Revenue	133,404	128,220	128,530	131,210	128,781	122,912	128,521	128,521	128,521	128,521	128,521	128,518	1,544,179
3 Napa State	39,561	4,166	35,361	26,125	5,181	21,341	20,762	20,762	20,762	20,762	20,762	20,762	256,307
4 Other Operating Revenue	10,971	25,415	37,380	30,930	42,863	35,092	18,823	18,823	18,823	18,823	18,823	18,827	295,592
5 Other Non-Operating Revenue	26,914	38,081	68,232	33,898	48,014	43,511							258,651
6 Unrestricted Contributions		8,478	150			19,590							28,218
7 Line of Credit													-
<b>Sub-Total Hospital Sources</b>	<b>4,713,435</b>	<b>4,457,589</b>	<b>4,363,253</b>	<b>4,475,779</b>	<b>4,114,954</b>	<b>4,057,207</b>	<b>4,644,722</b>	<b>4,577,799</b>	<b>4,874,561</b>	<b>4,490,712</b>	<b>4,525,444</b>	<b>4,519,914</b>	<b>53,815,369</b>
<b>Hospital Uses of Cash</b>													
8 Operating Expenses	5,146,037	5,273,336	5,040,006	4,799,145	5,326,497	4,701,617	5,238,157	5,153,569	5,405,480	5,197,652	5,270,033	5,203,034	61,754,563
9 Less Depreciation							(282,312)	(282,312)	(282,312)	(282,312)	(282,312)	(282,301)	(1,693,861)
10 Add Capital Lease Payments	52,503	186,389	69,999	179,596	109,938	70,502	102,110	102,526	102,944	103,364	103,786	169,180	1,352,837
11 Additional Liabilities										500,000			500,000
12 Capital Expenditures	15,965	56,034	1,755	88,906	88,829	59,065							310,554
<b>Total Hospital Uses</b>	<b>5,214,505</b>	<b>5,515,759</b>	<b>5,111,761</b>	<b>5,067,647</b>	<b>5,525,264</b>	<b>4,831,184</b>	<b>5,057,955</b>	<b>4,973,783</b>	<b>5,226,112</b>	<b>5,518,704</b>	<b>5,091,507</b>	<b>5,089,913</b>	<b>62,224,094</b>
<b>Net Hospital Sources/Uses of Cash</b>	<b>(501,070)</b>	<b>(1,058,171)</b>	<b>(748,508)</b>	<b>(591,868)</b>	<b>(1,410,310)</b>	<b>(773,977)</b>	<b>(413,233)</b>	<b>(395,984)</b>	<b>(351,551)</b>	<b>(1,027,992)</b>	<b>(566,063)</b>	<b>(569,999)</b>	<b>(8,408,725)</b>
<b>Non-Hospital Sources</b>													
13 Restricted Cash/Capital Donations		527,977	(727,205)	(100,755)	382,167	417	18,828	18,828	18,828	18,828	18,828	18,828	195,569
14 Parcel Tax Revenue	152,275		1,500,000			482,664				1,800,000			3,934,939
15 Payment - South Lot				(25,205)		(25,205)			(24,658)			(24,932)	(100,000)
16 Other:													-
17 IGT				1,877,696						860,000			2,737,696
18 IGT - AB915 (Net)							811,535						811,535
19 PRIME					1,350,000						150,000		1,500,000
<b>Sub-Total Non-Hospital Sources</b>	<b>152,275</b>	<b>527,977</b>	<b>772,795</b>	<b>1,751,736</b>	<b>1,732,167</b>	<b>457,876</b>	<b>830,363</b>	<b>18,828</b>	<b>(5,830)</b>	<b>2,678,828</b>	<b>168,828</b>	<b>(6,104)</b>	<b>9,079,739</b>
<b>Non-Hospital Uses of Cash</b>													
20 Matching Fees		509,543	266,212	675,000						75,000			1,525,755
<b>Sub-Total Non-Hospital Uses of Cash</b>	<b>-</b>	<b>509,543</b>	<b>266,212</b>	<b>675,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>1,525,755</b>
<b>Net Non-Hospital Sources/Uses of Cash</b>	<b>152,275</b>	<b>18,434</b>	<b>506,583</b>	<b>1,076,736</b>	<b>1,732,167</b>	<b>457,876</b>	<b>830,363</b>	<b>18,828</b>	<b>(5,830)</b>	<b>2,603,828</b>	<b>168,828</b>	<b>(6,104)</b>	<b>7,553,984</b>
<b>Net Sources/Uses</b>	<b>(348,795)</b>	<b>(1,039,737)</b>	<b>(241,925)</b>	<b>484,868</b>	<b>321,857</b>	<b>(316,101)</b>	<b>417,130</b>	<b>(377,156)</b>	<b>(357,381)</b>	<b>1,575,836</b>	<b>(397,235)</b>	<b>(576,103)</b>	
Cash and Equivalents at beginning of period	3,166,281	2,817,486	1,777,750	1,535,825	2,020,693	2,342,550	2,026,449	2,443,579	2,066,423	1,709,042	3,284,878	2,887,643	
<b>Cash and Equivalents at end of period</b>	<b>2,817,486</b>	<b>1,777,750</b>	<b>1,535,825</b>	<b>2,020,693</b>	<b>2,342,550</b>	<b>2,026,449</b>	<b>2,443,579</b>	<b>2,066,423</b>	<b>1,709,042</b>	<b>3,284,878</b>	<b>2,887,643</b>	<b>2,311,540</b>	

9.

GOVERNANCE  
COMMITTEE REPORT



**Meeting Date:** February 1, 2018  
**Prepared by:** Peter Hohorst, Bill Boerum  
**Agenda Item Title:** Board Committee Selection Process Policy #P-2018.02.01-1

**Recommendation:**

That the Board adopt the revised Board Committee Selection Process Policy.

**Background:**

The use of a public application process to fill public positions on a Board Committee was first used when the Bond Oversight Committee was organized in 2010. Based on the success of that approach the Board adopted a Board Committee Selection Process Policy at the Board meeting on October 10, 2012. The process was then successfully used to select public members for the newly formed Quality Committee and to fill vacancies on the Finance Committee.

Public members on Board Committees contribute to the District in many ways. First and foremost by contributing their expertise and experience to the Board's efforts of oversight and governance of the District's operations. Secondly, they serve as a direct conduit to the community of information about the District's operations.

The interest that the public members have shown in the District's activities (and problems) have had an unintended benefit to the District. They have proven to be a source of candidates for the District Board. Of the last six Board members to be elected to the Board, four had prior experience as members of Board Committees.

In order to gain maximum value from the public members of the Board Committees it is important that public member vacancies on the Board Committees be filled promptly and that the public members be solicited from a wide section of the community.

**Consequences of Negative Action/Alternative Actions:**

The District will miss the opportunity to benefit from the expertise and experience of some community members who might otherwise elect to become involved in District activities.

**Financial Impact:**

No direct financial impact. Public Committee members receive no compensation.

**Attachments:**

Current Board Committee Selection Process Policy #P-2012.10.04  
Revised Board Committee Selection Process Policy #P-2018.02.01-1



SUBJECT:

**Board Committee Selection Process**

DEPARTMENT:

APPROVED BY:

POLICY # *P-2012-10.04*

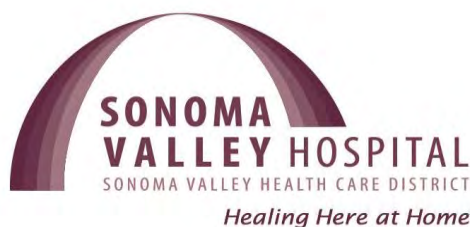
PAGE 1 OF 1

EFFECTIVE:

REVISED:

**Procedure:**

1. The Board Clerk will notify the Committee of its need for additional active (voting) or alternate (non-voting) members based upon the Committee charter and any vacant positions. Current Board Committees include: Finance Committee, Quality Committee, Citizens Bond Oversight Committee, and Audit Committee.
2. The Committee Chair will notify Hospital Administration of the need to fill vacant positions.
3. Hospital Administration will solicit written applications for Committee members by preparing an advertisement and/or press release for publication in local newspapers based on selection criteria from the Committee's charter and containing pertinent information.
4. Committee candidates will be directed to Hospital Administration to obtain an information package and application form. Candidates will then submit an application form and current resume/CV to the Board Clerk.
5. Candidate applications will be received and date stamped by the Board Clerk.
6. Committee candidate interviews will be scheduled at a regular or special Board meeting at a time and date to be determined by the Board Chair.
7. Committee candidates will be interviewed, selected, and appointed by the Board, and then prioritized as to active (voting) or alternate (non-voting) status.
8. The Board Clerk will ensure that newly appointed Committee members are added to the distribution list to receive notices of meetings.



**Board Committee Selection Process Policy #P-2018.02.01-1**  
**Adopted by the Board of Directors (October 4, 2012)**  
**Amended by the Board of Directors (February 1, 2018)**

**POLICY**

It is the policy of the Sonoma Valley Health Care District Board to utilize Board Committees for assistance in providing oversight and governance of District operations.

It is the policy of the Sonoma Valley Health Care District Board to utilize the experience and expertise of the citizens in the community to assist the Board members assigned to Board Committees.

It is the policy of the Sonoma Valley Health Care District Board to encourage involvement of the public in the District's operations by maintaining full staffing of regular and alternate public members on Board Committees.

The Current Board Committees are: Audit Committee, Finance Committee, Quality Committee.

**PROCEDURE**

When a public member vacancy occurs on a Board Committee, the Committee Chair shall notify the Board Chair of the vacancy.

For Board Committees with voting and alternate public members, the Committee Chair may elect to promote an alternate public member to be a voting member and notify the Board Chair of the alternate member vacancy.

The Board Chair shall notify the Board Clerk of the public member vacancy on the Committee.

The Board Clerk shall solicit written applications for the vacant public member Committee position by preparing an advertisement and/or press release for publication in local newspapers based on selection criteria from the Committee's charter and containing pertinent information, including the time and date deadline for submitting the application.



Candidates for the public member position will be directed to the Board Clerk to obtain an information package and application form. Candidates will submit the application form and current resume/CV to the Board Clerk.

Candidate applications will be received and date stamped by the Board Clerk.

Committee candidate interviews will be scheduled at a regular or special Board meeting at a time and date to be determined by the Board Chair.

Committee candidates will be interviewed and prioritized by the Board.

The Board Chair will appoint the top ranked applicant (or applicants) to the vacant position (or positions) on the Board Committee subject to the approval of a majority of the Board.

The Board Clerk will ensure that newly appointed public Board Committee members are added to the Committee distribution list to receive notices of meetings.

The Board Clerk will send each new public Committee member a copy of the Board Orientation Guide.



**Meeting Date:** February 1, 2018  
**Prepared by:** Peter Hohorst, Bill Boerum  
**Agenda Item Title:** Conflict of Interest Policy #P-2018.02.01-2

**Recommendation:**

That the Board approve the changes to the job titles in the Conflict of Interest Policy.

**Background:**

The Political Reform Act (California Government code Sections 81000, et seq.) requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The current Conflict of Interest Policy 2012.11.01, was adopted by the Board at a regular Board meeting on November 1, 2012. In the intervening 5 years some administrative positions have been eliminated and other have had their job titles changed. The attachment A of the current Policy has been updated to reflect the current administrative job titles.

**Consequences of Negative Action/Alternative Actions:**

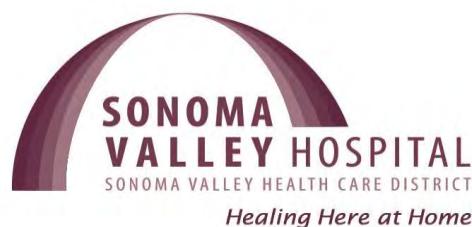
Current job titles are necessary to ensure that the Board Clerk sends reminders to the correct personnel to fill out form 700 and comply with the Political Reform Act.

**Financial Impact:**

No financial impact if the form 700s are filed.

**Attachment:**

Conflict of Interest Policy #P-2018.02.01-2



## **CONFLICT OF INTEREST CODE AND APPENDIX #P-2018.02.01-2**

(Incorporated here by Reference is Cal. Code of Regs. 18730)

**Adopted by the Board of Directors, (November 1, 2012)**

**Amended by the Board of Directors**

**(August 4, 2016, January 5, 2017 & February 1, 2018)**

The Political Reform Act (California Government code Sections 81000, et seq.) requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The California Fair Political Practices Commission has adopted a regulation (California Code of Regulations Section 18730, hereinafter "Regulation") which contains the terms of a standard Conflict of Interest Code which can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. The Regulation further provides that incorporation of its terms by reference along with the designation of employees and the formulation of disclosure categories in an Appendix (Appendix A and B attached hereto) shall constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code Section 87300 or the amendment of a conflict of interest code within the meaning of Government Code Section 87307.

Therefore, the terms of the Regulation and any amendments to it, duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference. The Regulation and the attached Appendix designating officials and employees and establishing disclosure categories constitute the Conflict of Interest Code of the Sonoma Valley Healthcare District, doing business as Sonoma Valley Hospital.

Designated officials and employees and any person who manages the District's investments shall file statements of economic interests (Form 700) with the District. Such officers covered by this Code who are also public officials specified in Section 87200 of the Government Code, including those who manage public investments, shall file Form 700s pursuant to that Government Code provision as long as the categories of disclosure are the same or broader than those under this Code. The Form 700s will be available for public inspection and reproduction. (California Government Code Section 81008). Upon receipt of the statements of all designated officials and employees, the District shall make

and retain a copy and forward the original of the statements of the President and Chief Executive Officer and all Board Members to the County Clerk for the County of Sonoma.

Dated: \_\_\_\_\_

\_\_\_\_\_

Secretary, Board of Directors

**SONOMA VALLEY HEALTH CARE DISTRICT**

**CONFLICT OF INTEREST CODE**

**Appendix “A”**

<b>Designated Positions</b>	<b>Disclosure Category</b>
Member of the Board of Directors	1
President and Chief Executive Officer	1
Chief Ancillary Officer	2
Chief Financial Officer	2
Chief Information Officer	2
Chief Nursing Officer	2
Director of Accounting	2
Director of Case Management & Med Staff	2
Director of Emergency Department/ Intensive Care Unit	2
Director of Facilities	3
Director of Human Resources	2
Director of Materials Management	2
Director of Patient Financial Services & Admitting	2
Food & Nutrition Services Manager	4
Public Members of the Finance Committee	2
Public Members of the Quality Committee	2

**Consultants \***

\*Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The chief executive officer may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this section. Such determination shall include a description of the consultant’s duties and, based upon

that description, a statement of the extent of disclosure requirements. The chief executive officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

## SONOMA VALLEY HEALTH CARE DISTRICT

### CONFLICT OF INTEREST CODE

#### Appendix “B”

#### Disclosure Categories

##### General Rule

The District has adopted Section 18730 of Title 2 of the California Code of Regulations, as it may hereinafter be revised, as the District’s standing Conflict of Interest Code provisions, supplemented by this Appendix and its preamble. An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee or officer by virtue of the his or her position. Form 700 provides guidelines on what are “reportable” interests within each category and the corresponding disclosure schedule in Form 700, i.e., Schedules A-1, A-2, B, C, D, E, F.

Designated Employees in Category #1 Must Report:

- A. Investments in any business entity which
  - (a) Has an interest in real property within the Sonoma Valley Health Care District
  - (b) Does business with Sonoma Valley Health Care District (“District”), or has done business with the District at any time during the two years prior to the time any statement or other action is required under this code; or
  - (c) Engages in any of the following businesses:
    - 1. Ambulance service
    - 2. Banks, Savings and Loan
    - 3. Collection agencies
    - 4. Communications equipment
    - 5. Computer hardware or software
    - 6. Construction or building materials
    - 7. Construction companies
    - 8. Data processing consultants
    - 9. Dietetic, kitchen or equipment consultants
    - 10. Dietetic or kitchen supplies, equipment, including food and food products
    - 11. Educational and training supplies, equipment or material
    - 12. Employment agencies
    - 13. Engineering services

14. Equipment consultants
15. Equipment or fixture manufacturers
16. Health care equipment or instruments
17. Health care facilities
18. Health care materials or supplies
19. Health facilities or services
20. Housekeeping or linen supplies or equipment
21. Housekeeping service agencies
22. Insurance companies
23. Laboratory supplies or equipment
24. Landscaping consultants or companies
25. Laundries
26. Medical laboratories
27. Medical records supplies or equipment
28. Motor vehicles and specialty vehicles and parts
29. Nursing service supplies, equipment or material
30. Office equipment or supplies
31. Petroleum products
32. Pharmaceutical supplies or equipment
33. Physical therapy supplies or equipment
34. Plant, building, grounds supplies or equipment
35. Printing and distribution
36. Public relations or advertising
37. Publications
38. Radiology supplies or equipment
39. Real property
40. Respiratory therapy supplies or equipment
41. Safety equipment
42. Safety instruction material
43. Social services agencies
44. Structural, mechanical, electrical, etc., engineering firms
45. Temporary help agencies
46. Testing laboratories or services
47. Utilities

B. Income from any business entity described in subparagraph A.

C. Status as a director, officer, partner, trustee, employee or holder of a position of management in any business entity described in subparagraph A.

D. Each interest in real property located in the Designated Area.



Designated Employees in Category #2 Must Report:

- A. Investments in any business entity which does business with the District or has done business with the District at any time during the two years prior to the time any statement or other action is required under this code.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

Designated Employees in Category #3 Must Report:

- A. Investments in any business entity which, within the last two years, has supplied or in the future foreseeably may supply building maintenance materials, gardening materials, or other materials for use in the maintenance and repair of the physical plant of the hospital.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

Designated Employees in Category #4 must report:

- A. Investments in any business entity which engages in the business of supplying food or other culinary supplies which may be used in hospitals.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.