



**BOARD OF DIRECTORS' MEETING**  
**AGENDA**  
**MARCH 1, 2018**  
**REGULAR SESSION 6:00 P.M.**

**EMERGENCY OPERATIONS ROOM**  
**SONOMA POLICE DEPARTMENT**  
**175 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>  | <b>RECOMMENDATION</b> |                      |
| <b>AGENDA ITEM</b>  |                       |                      |
| <p><b>MISSION STATEMENT</b><br/> <i>The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>  |                       |                      |
| <b>1. CALL TO ORDER</b>   | <i>Rymer</i>          |                      |
| <b>2. PUBLIC COMMENT</b>  | <i>Rymer</i>          |                      |
| <p><b>3. CONSENT CALENDAR</b></p> <ul style="list-style-type: none"> <li>A. Board Minutes 02.01.18 <span style="float: right;"><i>Pages 3-5</i></span></li> <li>B. Board Minutes 02.15.18 <span style="float: right;"><i>Page 6</i></span></li> <li>C. Finance Committee Minutes 01.23.18 <span style="float: right;"><i>Pages 7-9</i></span></li> <li>D. Quality Committee Minutes 01.24.18 <span style="float: right;"><i>Pages 10-12</i></span></li> <li>E. Executed Policies and Procedures <span style="float: right;"><i>Pages 13-58</i></span></li> <li>F. Medical Staff Credentialing Report</li> <li>G. Final UCSF-SVHCD Collaboration Agreement <span style="float: right;"><i>Pages 59-101</i></span></li> </ul> | <i>Rymer</i>          | Action               |
| <b>4. CHIEF OF STAFF REPORT</b>   | <i>Sebastian</i>      | Inform               |
| <b>5. SONOMA VALLEY COMMUNITY HEALTH CENTER PRESENTATION</b>  | <i>Johnson</i>        | Inform               |
| <b>6. REVENUE CYCLE PRESENTATION</b>  | <i>Denton</i>         | Inform               |
| <p><b>7. BUDGET ASSUMPTIONS FOR FY2019</b></p> <p style="text-align: right;"><i>Pages 103-104</i></p>   | <i>Jensen</i>         | Inform/Action        |
| <p><b>8. ADMINISTRATIVE REPORT MARCH 2018</b></p> <p style="text-align: right;"><i>Pages 106-108</i></p>  | <i>Mather</i>         | Inform               |
| <p><b>9. FINANCIAL REPORT MONTH ENDED JANUARY 2018</b></p> <p style="text-align: right;"><i>Page 110-124</i></p>  | <i>Jensen</i>         | Inform               |
| <p><b>10. COMMITTEE REPORTS</b></p> <ul style="list-style-type: none"> <li>• Governance Committee Report: <ul style="list-style-type: none"> <li>i. Recommendation of Term Limits for Public Members of Board Committees</li> <li>ii. Board Legislature &amp; Regulatory Policy Positions #P-2013.06.06-5</li> </ul> </li> </ul>  | <i>Hohorst</i>        | Action<br><br>Action |
| <b>11. BOARD COMMENTS</b>   | <i>Board Members</i>  | Inform               |
| <p><b>12. ADJOURN</b><br/> The next Regular Board meeting is April 5, 2018.</p>   | <i>Rymer</i>          |                      |

3.

## CONSENT CALENDAR



BOARD OF DIRECTORS' MEETING  
**MINUTES**  
 THURSDAY, FEBRUARY 1, 2018  
 REGULAR SESSION 6:00 P.M.

**COMMUNITY MEETING ROOM**  
 177 First Street West, Sonoma, CA

|   | <b>RECOMMENDATION</b> |  |
|---|-----------------------|--|
| <p><b>MISSION STATEMENT</b><br/> <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><br/>           The meeting was called to order at 6:00 pm</p>  | <i>Rymer</i>          |  |
| <p><b>2. PUBLIC COMMENT</b><br/>           None</p>   | <i>Rymer</i>          |  |
| <p><b>3. CONSENT CALENDAR:</b><br/>           A. Board Minutes 01.11.18<br/>           B. Finance Committee Minutes 12.19.17<br/>           C. Quality Committee Minutes 12.20.17<br/>           D. Executed Policies and Procedures<br/>           E. Medical Staff Credentialing Report</p>   | <i>Rymer</i>          | <p><b>MOTION:</b> by Hirsch to approve, 2<sup>nd</sup> by Nevins. All in favor.</p>  |
| <p><b>4. UCSF COLLABORATION AGREEMENT</b><br/>           Ms. Mather introduced UCSF's Chief Strategy Officer, Shelby Decosta, and Chief Medical Officer, Dr. Adrienne Green. SVH has been part of Canopy Health network since 2015, and UCSF is part of that. The UCSF mission, vision and values all align with those of SVH.<br/>           Ms. Decosta said UCSF is very excited to partner with such a high quality team. The majority of UCSF patients come from outside SF and many services are at capacity. Network objectives include partnering with high quality providers, improving quality of care, and integration to enhance efficiency. UCSF looks forward to collaborating with SVH's management team which already has similar quality and safety standards. A brief summary of the agreement includes formation of a joint steering committee, shared best practices, standards and scorecards, the need for an SVH Chief Medical Officer, and cobranding.<br/> <u>Public Comment:</u> Gary Nelson said he is very excited about the collaboration; it is a significant game changer for this community. He expects it will benefit this community and encouraged the Board to support and approve this collaboration. Marcia Nelson said she has had the opportunity to go to UCSF for diagnosis and testing and also to have some treatments here at home. She thanked the Board for considering this collaboration for the community.<br/>           Mr. Boerum said he liked the idea of enhanced and improved capabilities. The opportunity for increased procedural volumes would be very beneficial for SVH. Ms. Decosta said establishing the joint</p> | <i>Mather</i>         | <p>Inform/Action<br/> <b>MOTION:</b> by Hohorst to approve the agreements, including the modifications outlined by Mather and a range of other minor changes and options discussed during the meeting, 2<sup>nd</sup> by Nevins. All in favor.</p> |

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| <p>committee would be of prime importance to be able to dig into the data and see where opportunities existed. Aging and Alzheimer’s were UCSF specialties which could be a good match for the high percentage of seniors in the Sonoma community, along with supporting outpatient services. The joint committee would look at community needs and also look at UCSF data such as what Sonoma patients are coming to UCSF for and how those services could be offered here (for example, cancer treatment, infusions, radiation oncology).</p> <p>Mr. Boerum also asked about CMO job responsibilities and how they could be done in only 40 hours per month. Dr. Green said that although it looked like a lot on paper, but did feel doable to her. She would provide oversight. Mr. Boerum asked if this had been discussed with SVH’s Medical Executive Committee. Ms. Mather said both Dr. Streeter and Dr. Sebastian attended the initial meeting with UCSF, and the entire Committee was aware of the idea. She indicated the first step would be to hire the medical director and the physicians would be involved in that process. The medical director would be credentialed both here at SVH and at UCSF.</p> <p>Ms. Mather said that SVH legal review had no major concerns with the agreement. A list of proposed changes was discussed.</p> <p>Mr. Boerum asked about the 18 month opt out clause. Ms. Decosta said these are long-term relationships and there are many areas of planned collaboration. Recruiting health care providers can take a year. The length of time is designed to give patients protection. Mr. Rymer asked if UCSF would continue in this relationship without having the medical director as an employee. Ms. Decosta said UCSF wants a relationship with SVH, either with a UCSF medical director or someone else accountable to UCSF.</p> <p>Mr. Rymer asked if there were any other suggested changes. Mr. Boerum said he preferred to see redlined changes for clarity. Ms. Nevins asked about language inconsistencies in the sections regarding independent contractors. (Note: SVH legal will review and correct any inconsistencies.) Ms. Decosta also commented on the “sole discretion” phrase which SVH requested; she said UCSF may want to use “mutual discretion” in the spirit of collaboration.</p> |                      |                      |
| <p><b>5. PATIENT CARE SERVICES ANNUAL REPORT 2017</b></p>   | <p><i>Kobe</i></p>   | <p>Inform</p>        |
| <p>Mr. Kobe was not able to attend the meeting but would present his report at a future meeting.</p>  |                      |                      |
| <p><b>6. BOARD WORK PLAN FOR 2018</b></p>   | <p><i>Rymer</i></p>  | <p>Inform/Action</p> |
| <p>Mr. Rymer reminded the Board of the retreat planned for the end of March. There was no need to approve the work plan again since it had been approved at the last meeting.</p>   |                      |                      |
| <p><b>7. ADMINISTRATIVE REPORT FEBRUARY 2018</b></p>  | <p><i>Mather</i></p> | <p>Inform</p>        |
| <p>Ms. Mather reviewed the strategic plan and items that had been accomplished. SVH has a very robust sexual harassment training program and a workplace violence program. SVH did receive OSHPD signoff today for the mammography project, but has not yet received State approval. Interviews are scheduled with two proposers for the Outpatient Diagnostic Center and the design build team. The Sonoma Family Practice physicians signed a 1206b agreement, which will be</p>  |                      |                      |

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|---|----------------------|--|
| <p>brought to the Finance Committee in February. Annual salary increases were given in January and were very well received. The Woman's Place launch has begun. The open physical therapy manager position has been filled.</p> <p>Ms. Mather indicated that DeNova had two payments to make on the South Lot and said the newspaper article was inaccurate. DeNova did receive approval from the City. The agreement will be reviewed.</p>   |                      |  |
| <p><b>8. FINANCIAL REPORT MONTH END DECEMBER 2017</b></p>   | <i>Jensen</i>        | Inform   |
| <p>Mr. Jensen reviewed patient volumes and the payer mix for December. Cash collections were over goal for the month. In addition, many people paid their property tax in December which caused the County to advance the Hospital parcel tax funds early in January. Accounts receivable were 50.5 days. Accounts payable were 49.3 days. Inpatient revenue was up. ER visits were down but the acuity was up. Anticipated severance costs were included in the month of December, with the net result of a \$643,000 operating loss vs. a budgeted loss of \$440,000. There was a \$226,000 total net income loss vs. a budgeted loss of \$32,000. Ms. Mather mentioned that planned expense reductions of \$1.5 million would start to show up in the January financial results.</p> |                      |  |
| <p><b>9. COMMITTEE REPORTS</b></p>  |                      |  |
| <p>Governance Committee Report:</p> <ul style="list-style-type: none"> <li>i. Board Committee Selection Process Policy #P-2018.02.01-1</li> <li>ii. Conflict of Interest Policy #P-2018.02.01-2</li> <li>iii. Counsel Review of Changes to Bylaws Approved at 01.11.18 Board Meeting with No Objection to Changes</li> </ul>  | <i>Hohorst</i>       | Action   |
| <ul style="list-style-type: none"> <li>i. Mr. Hohorst reviewed committee selection process. The process has worked well and this policy is to formalize that process. The Finance Committee has two vacancies. There are currently no term limits on committees, and there is also no option for termination. The Governance Committee will come back with recommendations on Board Committee terms.</li> <li>ii. Mr. Hohorst mentioned that the conflict of interest approved at the Governance Committee was an older version; however, the version in the Board packet is correct. The list of required titles was updated.</li> <li>iii. Announcement only, no action.</li> </ul>   |                      | <p><b>MOTION:</b> by Hirsch to approve, 2<sup>nd</sup> by Boerum. All in favor.</p> <p><b>MOTION:</b> by Hohorst to approve, 2<sup>nd</sup> by Boerum. All in favor.</p> |
| <p><b>10. BOARD COMMENTS</b></p>  | <i>Board Members</i> | Inform   |
| <p>Mr. Rymer offered congratulations to Ms. Mather on the UCSF collaboration. There was a brief discussion regarding the patient Electronic Health Record. Ms. Mather said that if SVH physicians were put on the Epic EHR (which is not the one SVH currently has), their reimbursement would go up. UCSF would want all physicians to be on the same EHR, but she doubted it would happen in the next 3-4 years. It would be a major investment.</p>  |                      |  |
| <p><b>11. ADJOURN</b></p>   | <i>Rymer</i>         |  |
| <p>Meeting adjourned at 7:30 pm</p>   |                      |  |



BOARD OF DIRECTORS' MEETING  
**MINUTES**  
 THURSDAY, FEBRUARY 15, 2018  
 SPECIAL SESSION 5:00 P.M.

**SCHANTZ CONFERENCE ROOM**  
**SONOMA VALLEY HOSPITAL**  
 347 Andrieux Street, Sonoma, CA

|   | <b>RECOMMENDATION</b>                |  |
|---|--------------------------------------|--|
| <b>MISSION STATEMENT</b><br><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><br>The meeting was called to order at 4:56 pm   | <i>Rymer</i>                         |  |
| <b>2. PUBLIC COMMENT</b><br>None  | <i>Rymer</i>                         |  |
| <b>3. SELECTION OF DESIGN-BUILD TEAM AND FUNDING FOR SCHEMATIC DESIGN PHASE OF OUTPATIENT DIAGNOSTIC CENTER</b>   | <i>Peluso<br/>Hohorst<br/>Mather</i> | Inform/Action  |
| <p>Mr. Ron Peluso of Vertran Associates reviewed the process, criteria and selection of the design build team for the Outpatient Diagnostic Center. The team of Dome Construction and Taylor Design were selected. The preliminary funding request through schematic design is for \$605,000 to complete the seismic study for the west tower, the mechanical/electric/plumbing study, and the schematic design. He anticipated having schematic design and project cost for the July 2018 District Board meeting.</p> <p>Ms. Mather mentioned that a vision meeting would be held to take input from the staff and then a user group would be created. She did not want any scope creep and planned to set a cap on the project cost. Mr. Rymer mentioned he would like to see information on major options and associated costs come to the Board. Mr. Kevin Coss (of Vertran Associates) suggested a Board study session in a month or two. Board updates could be provided at each phase of the project if desired.</p> <p>Ms. Nevins was also concerned about options and costs; she mentioned the Board would not yet have had a discussion about where the Hospital would be in five years and what that would look like until the Board retreat in late March. Ms. Mather said that management is doing the minimum needed now. The CT machine cannot be replaced without a capital campaign and refurbishment since the current space is too small. She felt very confident with investing money in this project, and the Board members agreed. Mr. Coss said it might take approximately four years to complete this type of project.</p> |                                      | <p><b>MOTION:</b> by Hirsch to approve the design build team and funding request, 2<sup>nd</sup> by Hohorst. All in favor.</p> |
| <b>4. ADJOURN</b><br>The meeting was adjourned at 5:40 pm   | <i>Rymer</i>                         |  |



**SVHCD  
FINANCE COMMITTEE MEETING  
MINUTES  
TUESDAY, JANUARY 23, 2018  
Schantz Conference Room**

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

| <b>AGENDA ITEM</b>  | <b>DISCUSSION</b>  | <b>ACTIONS</b>                                      | <b>FOLLOW-UP</b> |
|---|--|---|------------------|
| <b>MISSION &amp; VISION STATEMENT</b><br><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 pm  |   |                  |
| <b>2. PUBLIC COMMENT SECTION</b>  | <i>Nevins</i>  |   |                  |
|   | None   |   |                  |
| <b>3. CONSENT CALENDAR</b><br>FC Minutes 12.19.17   | <i>Nevins</i>  | Action  |                  |
|   |  | <b>MOTION:</b> by Rymer, 2nd by Perez. All in favor |                  |
| <b>4. UCSF COLLABORATION AGREEMENT UPDATE</b>   | <i>Mather</i>  | Inform  |                  |
|   | Ms. Mather said that UCSF expects a medical director to report to both UCSF and SVH. Two interviews are scheduled and neither currently works for UC. Duties will be similar to a CMO but will not involve the Electronic Health Record. SVH will be paying the salary which is below budget for the |   |                  |

| AGENDA ITEM   | DISCUSSION   | ACTIONS       | FOLLOW-UP  |
|---|--|---------------|--|
|   | <p>former SVH CMO. SVH would be an affiliate of UCSF Health and use their logo. The joint committee to be formed will make recommendations to take to the Board. If these candidates do not work out, the position will be posted. The agreement is continuing with 180 days' notice.</p> <p>Ms. Nevins asked if the agreement is exclusive; it is not. Ms. Mather said SVH has two telemed programs which can continue. The next step is forming the joint committee and establishing strategic priorities. At that point she will be asking for a capital investment. The agreement and UCSF representatives will be at the February Board meeting. Potential donors feel that UCSF adds credibility.</p>  |               |  |
| <p><b>5. ADMINISTRATIVE REPORT JANUARY 2018</b></p> | <p><i>Mather</i></p>   | <p>Inform</p> |  |
|   | <p>Ms. Mather reported that SVH is still four stars and SNF five stars. Management has been having discussions with an organization regarding the Home Care service; a non-disclosure agreement has been signed and they plan to issue a proposal. SVH wants to retain staff and keep the service available in the Valley. Home Care has already cut expenses, but with benefits added and volumes being down, it is losing. The Home Care Director is retiring, which was expected.</p> <p>SVH is working on a separate 1206b clinic for Drs. Mishra, Manuel and Schafer. The process will take 3-4 months. Eventually, it would be beneficial to have all physicians in the same building. If they are UCSF affiliates, they will get higher reimbursement.</p> <p>Cost reductions are complete. SVH did have two separation agreements with executives.</p> |               | <p>1206b financial projections for Feb. meeting.</p> |



| AGENDA ITEM  | DISCUSSION   | ACTIONS | FOLLOW-UP  |
|--|--|---------|--|
| 6. FINANCIAL REPORT FOR MONTH ENDING DECEMBER 31, 2017 | <i>Jensen</i>  | Inform  |  |
|  | <p>Mr. Jensen reviewed the December financials. Acute patient days were up a bit. The gross overall payer mix was 56.8% Medicare vs. a budget of 55.1%. Medi-Cal dropped a bit and commercial was up a bit. Cash collections were \$289k over goal for the month and \$397k over goal year to date. Days' cash were 17.6. Accounts receivable were 50.5 days due to lack of billing during the October fires. Accounts payable were 49.3 days.</p> <p>Inpatient revenue was up, and outpatient revenue was up 4%. ER visits were down, but the intensity of visit was up. Skilled Nursing was up. Total operating revenue was \$246k less than expected. \$176k of that was due to termination payout costs. The total operating margin showed a \$643k loss, or \$202k off budget.</p> <p>Mr. Jensen commented on line 38 of the Statement of Revenue and Expenses. Many taxpayers paid their parcel tax early, so the County will distribute it early this year. The total net loss for December after all activity was (\$226k) vs. (\$32k). We should start seeing improvements to the bottom line in January. He also mentioned the 2019 budget process is starting and the Committee should have major assumptions next month. Ms. Nevins asked to see tracking of expense reductions.</p> |         | <p>Major budget assumptions in Feb.</p> <p>Tracking of expense reductions.</p> |
| 8. ADJOURN   | <i>Nevins</i>  |         |  |
|  | Ms. Nevins said she would like to revisit a work plan for the Finance Committee.   |         |  |
|  | <i>Meeting adjourned at 5:37 pm</i>  |         |  |



**SONOMA VALLEY HEALTH CARE DISTRICT**  
**QUALITY COMMITTEE**  
**January 24, 2018, 5:00 PM**  
**MINUTES**  
**Schantz Conference Room**

| Members Present  | Members Present cont.             | Excused  | Public/Staff                                  |
|--|-----------------------------------|--|---|
| Jane Hirsch<br>Peter Hohorst<br>Carol Snyder<br>Susan Idell<br>Ingrid Sheets | Cathy Webber<br>Michael Brown, MD | Kelsey Woodward<br>Howard Eisenstark, MD<br>Michael Mainardi, MD | Danielle Jones<br>Mark Kobe<br>Fe Sendaydiego |

| AGENDA ITEM  | DISCUSSION  | ACTION   |
|--|---|--|
| <b>1. CALL TO ORDER/ANNOUNCEMENTS</b>                                  | <i>Hirsch</i>   |  |
|  | Meeting called to order at 5:01 pm  |  |
| <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, 12.20.17</li> </ul> |   | <b>MOTION:</b> by Idell to approve, 2 <sup>nd</sup> by Sheets. All in favor  |
| <b>4. POLICY &amp; PROCEDURES</b>                                      | <i>Jones</i>  | Action   |
|  | Ms. Jones went through each of the policies and also explained the new digital process. Brief summaries of changes are included for revised policies rather than entire multiple page documents.<br><br>Some editorial changes were provided by Dr. Eisenstark via e-mail and given to Ms. Jones. | <b>MOTION:</b> by Idell to approve, 2 <sup>nd</sup> by Sheets. All in favor. |
| <b>5. INFORMATION SYSTEMS ANNUAL DEPT. UPDATE</b>                      | <i>Sendaydiego</i>  |  |
|  | Information Systems is responsible for technology and telecommunications in the Hospital. Ms. Sendaydiego discussed department staffing and duties. Quality metrics that are being monitored include overall system availability with a goal of 99.9%. The 2017 annual average was 99.39%. The    |  |

| AGENDA ITEM  | DISCUSSION  | ACTION  |
|--|---|---|
|  | <p>other metric is help desk management with a goal to fix 40% of open tickets within 4 hours. (There does not seem to be an industry benchmark for this metric.) The 2017 annual average was 44%.</p> <p>She mentioned initiatives that were completed for quality improvement (such as outsourcing the information system and EHR to improve security against cyber-attacks and migrating to a secured email system). For 2018 the work plan includes the Outpatient Rehab EHR, improving the patient health portal, and incorporating evidence based medicine practices in physician order sets.</p>                 |   |
| <b>6. QUALITY COMMITTEE DRAFT 2018 WORK PLAN</b>   | <i>Jones</i>  | Action  |
|  | <p>Ms. Jones reviewed the 2018 work plan. A change will be made with the Feb. Patient Care Services report moving to Apr., and the Infection Prevention Report moving to Feb.</p>   | <b>MOTION</b> by Idell to approve with change, 2 <sup>nd</sup> by Sheets. All in favor. |
| <b>7. QUALITY REPORT</b>   | <i>Jones</i>  | Inform  |
|  | <p>Ms. Jones reviewed the quality report. She has been meeting with department leaders to review the difference between quality assurance and performance improvement. Another focus area is the patient care contract process. Skilled Nursing had three surveys between Nov. and Dec. from CDPH, Federal life safety, and CMS; Ms. Jones will be monitoring action items.</p> <p>Mr. Kobe briefly reviewed the patient care services dashboard. A suggestion was made previously to put the data on falls into rolling quarters, and this has been done. As of Jan. 1 SVH began monitoring outpatient experience.</p> |   |
| <b>8. UPON ADJOURNMENT OF REGULAR SESSION</b>  | <i>Hirsch</i>   |   |
|  | Regular session adjourned at 6:19 p.m.  |   |
| <b>9. 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>Jones</i>  | Action  |

| AGENDA ITEM                  | DISCUSSION                     | ACTION  |
|------------------------------|--------------------------------|---|
| 10. REPORT OF CLOSED SESSION | <i>Hirsch</i>                  | Inform/Action   |
|                              |                                | <b>MOTION:</b> by Idell to approve, 2 <sup>nd</sup> by Brown. All in favor. |
| 11. ADJOURN                  | <i>Hirsch</i>                  |   |
|                              | Meeting adjourned at 6:25 p.m. |   |



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 1 OF 16

EFFECTIVE: 7/2017

REVISED:

**NEW POLICY**

New policy that defines the processes that allow Sonoma Valley Hospital to purchase pharmaceuticals at discounted prices for its qualified outpatients that is consistent with the Human Resources Services Administration (HRSA) 340B Drug Discount Purchasing Program as defined by the enactment Section 340B of the Public Health Service Act.

**AUTHOR JOB TITLES:**

Chris Kutza, Director of Pharmacy  
Michael Brown, M.D., Pharmacy & Therapeutics Chair

**COMMITTEE APPROVALS:**

Michael Brown, M.D., Pharmacy & Therapeutics Chair:  
Policy & Procedure Team: 6/20/17  
P&T Committee: 7/6/17  
Medical Executive Committee: 7/20/17  
Board Quality Committee: 2/28/18  
Board of Directors:



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 2 OF 16

EFFECTIVE: 7/2017

REVISED:

**Purpose:**

To define the processes that allow Sonoma Valley Hospital to purchase pharmaceuticals at discounted prices for its qualified outpatients that is consistent with the Human Resources Services Administration (HRSA) 340B Drug Discount Purchasing Program as defined by the enactment Section 340B of the Public Health Service Act.

**Definitions:**

- 340B Eligible “Covered Entity”: The statutory name for facilities and programs eligible to purchase discounted drugs through the Public Health Service's 340B Drug Pricing Program
- Covered Outpatient Drug: Sonoma Valley Hospital interprets Section 1927 (k) of the Social Security Act to include prescription drugs, over-the-counter (OTC) drugs that are written on a prescription, and biological products that can be dispensed by a prescription when used in the eligible outpatient areas.
  - Non-covered outpatient drugs include vaccines, hyaluronadase, saline flushes, IV hydration and piggybacks, parenteral nutrition, outsourced compounded drugs, radiopharmaceuticals, bundled medications (see policy section on “Billing/Utilization”, and any other medications that do not fall under the definition of Covered Outpatient Drug above.
- Disproportionate Share Hospital (DSH): A hospital with a disproportionately large share of low income patients. The Medicare and Medicaid programs augment payments to DSH hospitals to compensate for the added financial burden.
- Sole Community Hospital (SCH): A hospital as defined by section 1886(d)(5)(C)(iii) of the Social Security Act that may be eligible to access 340B discounted drugs.
- Critical Access Hospital (CAH): A specially designated, small rural hospital that qualifies for cost-based payments for Medicare services.
- Disproportionate Share Adjustment (DSA): The Medicare disproportionate share adjustment is an additional Medicare payment to hospitals which treat a high percentage of low-income patients. The factors used to calculate this adjustment are the sum of the ratios of Medicare Part A Supplemental Security Income (SSI) patient days to total Medicare patient days, and Medicaid patient days to total patient days in the hospital.
- Medicare Cost Report: Required by CMS, an annual financial report that details all fixed and variable costs expensed to the care of Medicare patients.
- Contracted Pharmacy: An arrangement through which a covered entity may contract with an outside pharmacy to provide comprehensive pharmacy services utilizing medications purchased under 340B.



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 3 OF 16

EFFECTIVE: 7/2017

REVISED:

- HRSA: Health Resources and Services Administration of the Department of Health and Human Services.
- GPO Prohibition: Prohibits 340B participating Disproportionate Share Hospitals (DSH), Children’s Hospitals (PED), and Free Standing Cancer Hospitals (CAN) from obtaining covered outpatient drugs through group purchasing organizations.
- Wholesale Acquisition Cost (WAC): The price paid by a wholesaler (or direct purchasers) in the United States for drugs purchased from the drug’s manufacturer or supplier.
- Orphan Drugs: Drugs designated by the Food and Drug Administration (FDA) as “orphan drugs”, drugs used for rare diseases or conditions. The official Orphan Drug list is posted on the OPA website.
- Parent/Child Sites: The primary covered entity is often referred to as the “parent” site. All outpatient services of the covered entity that are not located within the four walls of the parent location (same physical address) must be registered on the HRSA/OPA database as a “child” of the covered entity (Parent).
- Medicaid Carve-out: 340B entities may elect to purchase drugs for Medicaid patients on a non-340B contract. This activity is termed a “Medicaid carve-out.” Entities may choose to do this in order to receive fair Medicaid reimbursement (many states reimburse entities that use 340B for Medicaid patients on a cost plus dispensing fee basis, as the dispensing fee is often not high enough to cover costs). Entities must inform OPA whether they are carving in or out.
- Inpatient status: The hospital determines that patients have an inpatient status according to Policy # UR8610-100 Patient Status Determinations
- Outpatient status: The hospital determines that patients have an outpatient status according to Policy # UR8610-100 Patient Status Determinations

## OVERVIEW OF 340B DRUG DISCOUNT PURCHASING PROGRAM REQUIREMENTS

### Covered Entity/Facility Eligibility

Facilities that receive discounted outpatient drug pricing under the 340B Drug Pricing Program include certain hospitals that are public or private non-profit hospitals serving higher percentages of Medicare, Medicaid or other indigent populations. To be eligible the hospital must meet three requirements:

- 1) The hospital must have a Medicare Disproportionate Share Adjustment Percentage based on their latest Medicare Cost Report as follows:



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 4 OF 16

EFFECTIVE: 7/2017

REVISED:

- ♦ Disproportionate Share Hospitals (DSH) Adjustment Percentage greater than 11.75%
  - ♦ Sole Community Hospitals (SCH) require DSH Adjusted Percentage of 8%
  - ♦ Critical Access Hospitals (CAH) do not have a Disproportionate Share Adjustment Percentage requirement.
- 2) The hospital meets the following criteria:
- ♦ Be owned or operated by a unit of State or local government.
- 3) DSH hospitals, children’s hospitals, and free-standing cancer hospitals that meet the first two criteria are eligible to participate in the 340B program if they sign a written certification stating that they will not obtain covered outpatient drugs through a group purchasing organization (GPO) or other group purchasing arrangement in compliance with the third criterion. Rural and Critical Access hospitals are not subject to this GPO prohibition.

**Site of Care**

Off-site outpatient facilities of the covered entity (hospital) may purchase and/or provide 340B drugs to its patients, only if the site of care is listed on the HRSA/OPA 340B database. Off-site facilities eligibility is verified by HRSA/OPA as listed as part of the covered entity’s most recently filed Medicare Cost Report. The facility must be listed as an integral part of the hospital and included as reimbursable section of the Medicare Cost Report. An eligible clinic/office is considered a “child” of the covered entity (“parent”) even if the location is within the same building of a “parent”; they must be registered separately. Outpatient services within the four continuous walls of the covered entity (hospital/parent) do not need to be registered as a child.

**Patient Eligibility**

A patient is considered a 340B eligible patient of the covered entity, only if the following conditions are met:

- The patient is an *outpatient* of the covered entity.
- The covered entity has established a relationship with the individual, which includes maintaining records of the individual’s health care at the covered entity (parent) or a HRSA/OPA registered site of care (child).
- The individual receives health care services from a health care professional who is either employed by the covered entity or provides health care under contractual or other arrangements (e.g., referral for consultation) such that responsibility for the individual’s care remains with the covered entity.

Note: Employees of the hospital (covered entity) **are not** automatically 340B eligible patients solely by virtue of their employment status. A medical relationship must extend beyond the





SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 5 OF 16

EFFECTIVE: 7/2017

REVISED:

dispensing of medications for subsequent self-administration or administration in the home setting.

### **Prescriber Eligibility**

Eligible prescribers of 340B drugs are employed by the hospital/covered entity or are under contractual or other arrangement with the hospital/covered entity. The hospital maintains a separate listing for each type of prescriber.

### **Duplicate Discount - Medicaid Carve-in Medicaid Carve-out**

A covered entity may choose to carve-in 340B drugs for their Medicaid patients. On the HRSA/OPA database the covered entity would check 'yes' on the Medicaid tab and provide the Office of Pharmacy Affairs (OPA) with their Medicaid provider number, which is then placed in the HRSA Medicaid Exclusion file provided to the State agencies. This prevents the State from taking a duplicate discount with the manufacturer's rebates.

### **GPO Exclusion/Prohibition**

Disproportionate Share Hospitals (DSH), Children's Hospitals, and Free Standing Cancer Hospitals (CAN) are prohibited from obtaining 340B covered outpatient drugs through Group Purchasing Organizations (GPO).

### **Orphan Drug Rule**

Orphan Drugs as designated by the Food and Drug Administration (FDA) may **not** be purchased by Critical Access Hospitals (CAH), Sole Community Hospitals, Rural Referral Centers (RRC) or Free Standing Cancer Hospitals (CAN) under the 340B Program. Effective October 1, 2013, FDA designated Orphan Drugs may be purchased by these covered entities under the 340B Program for **non**-Orphan Drug status indications. Auditable records must be maintained to show the drug was dispensed for a **non**-Orphan Drug Status indication.

### **Policy:**

- Sonoma Valley Hospital participates in the 340B Drug Pricing Program.
- It is the policy of Sonoma Valley Hospital to operate the 340B Drug Pricing Program in compliance with guidelines set forth by the Office of Pharmacy Affairs (OPA) of the Health Resources and Services Administration (HRSA); and any accompanying regulations or guidelines including the prohibition against duplicate discounts/rebates under Medicaid and the prohibition against transferring drugs purchased under 340B to anyone other than a patient.
- Sonoma Valley Hospital is listed correctly as an eligible covered entity with the Office of Pharmacy Affairs (OPA) on the website <http://www.hrsa.gov/opa/>



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 6 OF 16

EFFECTIVE: 7/2017

REVISED:

- Sonoma Valley Hospital's eligible off-site outpatient facilities/clinics and outpatient services outside of the four walls of the hospital are listed correctly as eligible child sites of the covered entity with the Office of Pharmacy Affairs (OPA) on the website <http://www.hrsa.gov/opa/> as applicable. The cost of operating these sites appears on the reimbursable section of the Medicare Cost Report.
- If applicable, contract pharmacies of Sonoma Valley Hospital, as stipulated in the *Contract Pharmacy Services Agreement(s)* between the hospital and the contract pharmacy, are correctly registered with the Office of Pharmacy Affairs (OPA).
- 340B medications are purchased for 340B eligible outpatient use only (i.e. a patient is an outpatient at the time the medication is administered).
- The Prime Vendor Program (Apexus) is utilized to increase savings opportunities via the 340B program.
- The hospital maintains lists of eligible prescribers, eligible outpatient treatment areas and off-site clinics, and registered contract pharmacies.
- Sonoma Valley Hospital maintains auditable records demonstrating compliance with the 340B requirement.

**Procedure:**

**Responsible Parties**

**Authorizing Official**

- Attests to the compliance of the program during the OPA recertification process

**Contact Official**

- Designated as the hospital's primary contact as listed on the OPA website

**Director of Pharmacy**

- Acts as an agent of the authorizing official and is responsible for administering the 340B program to optimize appropriate savings and ensure policies and procedures are in place to maintain program compliance
- Maintains knowledge of policy changes impacting the 340B program including but not limited to, HRSA/OPA rules and Medicaid changes

**340B Oversight Committee**

- Sonoma Valley Hospital has established a 340B Oversight Committee that is responsible for the oversight of the 340B Program.



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 7 OF 16

EFFECTIVE: 7/2017

REVISED:

- The 340B Oversight Committee:
  - ♦ Meets on at least a semi-annual basis
  - ♦ Reviews 340B rules/regulations/guidelines to ensure consistent policies/procedures/oversight throughout the entity.
  - ♦ Identifies activities necessary to conduct comprehensive reviews of 340B compliance.
    - i. Ensure that the organization meets compliance requirements of program eligibility, patient definition, 340B drug diversion, and duplicate discounts via ongoing multidisciplinary teamwork.
    - ii. Integrates departments such as information technology, pharmacy, and patient financial services to develop standard processes for contract/data review to ensure program compliance.
  - ♦ Oversees the review process of compliance activities, as well as taking corrective actions based on findings.
  - ♦ Reviews potential violations, performs materiality assessment, and determines if a material breach has occurred.
    - i. The committee identifies to whom to self-disclose the breach dependent on that materiality determination and the corrective action plan resolution (see section on Material Breach below).
  - ♦ Reviews and approves work group recommendations (process changes, self-monitoring outcomes and resolutions).
  - ♦ Reviews this policy annually.

The following Sonoma Valley Hospital staff are potential key players in the 340B Program, including governance and compliance, and should be standing members of the 340B Steering Committee. Sonoma Valley Hospital will identify who serves as the entity's authorizing official and primary contact for the 340B Program. These individuals should be the sponsors of the 340B Oversight Committee.

1. Chief Executive Officer (CEO)
  - Responsible as the authorizing official in charge for the compliance and administration of the program
  - Responsible for attesting to the compliance of the program through recertification
2. Chief Financial Officer (CFO)
  - Responsible as the authorizing official in charge for the compliance and administration of the program in many cases



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 8 OF 16

EFFECTIVE: 7/2017

REVISED:

- Potentially responsible for attesting to the compliance of the program through recertification
  - Must account for savings and use of funds to provide care for the indigent under the indigent care agreement
3. Director of Pharmacy
- Accountable agent for 340B compliance
  - Agent of the CEO or CFO responsible to administer the 340B Program to fully implement and optimize appropriate savings and ensure that current policy statements and procedures are in place to maintain program compliance
  - Must maintain knowledge of the policy changes that affect the 340B Program, including, but not limited to, HRSA rules and Medicaid changes
  - Must coordinate constant knowledge of any change in clinic eligibility/information
  - Often responsible as the primary contact for the 340B Program
  - Responsible for documentation of policies and procedures
  - Oversees maintenance of system databases to reflect changes in the drug formulary or product specifications
  - Ensures appropriate safeguards and system integrity
  - Ensures there is an annual inventory
  - Ensures compliance with 340B Program requirements for qualified patients, drugs, providers, vendors, payers, and locations
4. Pharmacy Buyer
- Responsible for establishing three distribution accounts and maintaining those accounts: non-GPO account, 340B account, and GPO account
  - Responsible for establishing and maintaining direct accounts for GPO ("own use") class of trade, as well as direct 340B accounts
  - Responsible for overseeing the ordering all drugs from the specific accounts as specified by the process employed
  - Responsible for segregation, removal, and/or return of 340B drugs, including reverse distributor transactions
  - Responsible for reconciliation of lend and borrow transactions
  - Responsible for maintenance of tracking software
  - Manages purchasing, receiving, and inventory control processes
  - Continuously monitors product minimum/maximum levels to effectively balance product availability and cost-efficient inventory control
  - Reviews and refines 340B cost savings report, detailing purchasing, and replacement practices as well as dispensing patterns
  - Monitors ordering processes, integrating most current pricing from wholesaler, and analyzes invoices, shipping, and inventory processes



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 9 OF 16

EFFECTIVE: 7/2017

REVISED:

5. Controller/Patient Accounting Reimbursement Specialist
  - Responsible for communication of all changes to the Medicare cost report regarding clinics or revenue centers
  - Responsible for communication of all changes to Medi-Cal reimbursement for pharmacy services/products that affect 340B status
  - Responsible for modeling all managed care contracts (with/without 340B)
  - Engages pharmacy in conversations that affect reimbursement
  - Responsible for annual physical inventory of pharmacy items
  - Responsible for establishment of “inventory average” process approved by the external audit firm (reference policy or type of process used, e.g., FIFO)
6. Chief Information Officer (CIO) or department designee
  - Responsible for the support of interface requirements for proper functioning of tracking software
  - Responsible for the support of charge master and billing system functions as they support the 340B program.

### **340B Enrollment, Recertification and Change Requests**

- The hospital’s authorizing official annually recertifies information listed on the OPA website
- New service areas or clinics/facilities are evaluated to determine if the location is eligible for participation in the 340B Program. If deemed eligible the authorizing official completes the online registration process during the registration window and submits cost report information as required by OPA. New service areas are not eligible to purchase 340B drugs until they are listed on the OPA website.
- It is the ongoing responsibility of Sonoma Valley Hospital to inform OPA of any changes to its information or eligibility. An online change request is submitted as soon as the hospital is aware of the need to make a change to the database entry. If the hospital loses eligibility, it will notify OPA immediately and stop purchasing 340B discounted drugs.

### **340B Drug Utilization**

Medications purchased under the 340B Drug Pricing Program are ONLY utilized for 340B eligible outpatients, as defined above, receiving medical care at:

- Sonoma Valley Hospital
- OPA registered child sites (clinics/offices) of Sonoma Valley Hospital
- OPA registered 340B Contract Pharmac(ies) of Sonoma Valley Hospital as stipulated in the *Contract Pharmacy Services Agreement(s)* between the hospital and the contract pharmacy.



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 10 OF 16

EFFECTIVE: 7/2017

REVISED:

### **Purchasing**

As a DSH, Children’s or Free-Standing Cancer hospital, purchase of 340B eligible drugs for outpatient use through the group purchasing organization (GPO) or group purchasing arrangement is **prohibited**.

- As a hospital subject to the GPO prohibition, the hospital does **not** purchase covered outpatient drugs through a GPO for any of its clinics/departments within the four walls of the hospital (same physical address) or any of its registered child sites.
- Off-site outpatient clinics/facilities of the hospital **may** use a GPO account to purchase covered outpatient drugs if those off-site outpatient clinics/facilities meet all of the following criteria:
  1. Are located at a different physical address than the hospital;
  2. Are **not** registered on the OPA 340B database as participating in the 340B Program;
  3. Purchase drugs through a separate pharmacy wholesaler account other than the 340B account; and
  4. The hospital maintains records demonstrating that any covered outpatient drugs purchased through the GPO at these sites are not utilized or otherwise transferred to the parent hospital or any outpatient facilities registered on the OPA 340B database.

### **Drug Wholesaler Accounts**

Separate accounts are maintained with the hospital’s medication wholesaler. Purchase orders are entered in the wholesaler system under the appropriate account.

#### **340B Account**

The 340B account is used for purchasing:

- 340B medications for eligible outpatient use as defined in this policy.

#### **Group Purchasing Organization (GPO) Account or Other Discount Purchasing Arrangements**

The GPO account may be used for purchasing:

- Inpatient medications
- Outpatient medications used in off-site outpatient areas that are not registered as child sites as defined above.
- Drugs that are “bundled”, i.e. drugs that are part of/incident to another service and payment is not made as direct reimbursement of the drugs, are not 340B eligible drugs and may be purchased on the GPO account. See section below on Billing/Utilization and Bundling.



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 11 OF 16

EFFECTIVE: 7/2017

REVISED:

### Wholesaler Acquisition Cost (WAC) Account

A WAC account is used by facilities that are subject to GPO exclusion/prohibition.

[Note: The Apexus Prime Vendor Program contracts may be used in place of the WAC acquisition, if applicable.] The account is used for:

- New drugs or NDC products that are purchased for the first time and will be used in a mixed inpatient outpatient setting.
- Drugs purchased to replace stock due to wastage, expiration, or lost charges and therefore have not accumulated equivalent usage under 340B or GPO accounts will be purchased using the WAC account and pricing.
- Drug utilization that cannot be attributed to either inpatient or outpatient use.
  - Outpatient drugs ordered for personal use by employees of Sonoma Valley Hospital will be ordered using the WAC account and pricing.
    - The hospital will be reimbursed by the employee for the cost of the drug(s) ordered for personal use.
    - This includes covered OTC medications and drugs ordered pursuant to a valid prescription.

### Inventory Management

#### **Virtual Inventory Separation**

- Virtual inventory separation is generally used in mixed settings where some patients are inpatient and some patients are outpatient.
- Drug utilization in mixed settings is separated into different buckets based on 340B eligibility;
  - Wholesale Acquisition Cost (WAC), 340B or GPO
- Mixed setting 340B drug utilization is purchased retrospectively.

#### **Automated Split-ordering/billing Virtual 340B Inventory Management Systems**

Sonoma Valley Hospital utilizes Wellpartner's "340B Smart" software to manage the process of identifying eligible prescriptions/orders for inpatient GPO purchases and outpatient 340B purchases. The split-billing software determines the eligibility and patient's status; medication dispensed and maintains a virtual drug inventory for each of the purchasing accounts. The software is used to manage the drug inventory in 'mixed use' patient population where both outpatient and inpatient medications are used.

- Split-billing software separates or 'splits' the purchase order (PO) for each item based on eligibility determination of the patient's status, provider, treatment location and 11 digit NDC



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 12 OF 16

EFFECTIVE: 7/2017

REVISED:

match. Based on the eligibility determination, the PO is “split” between WAC, 340B eligible drugs, and GPO eligible drugs.

- Split-billing software submits the order back to the wholesaler electronically in separate PO’s:
  - WAC Account
  - 340B Account (340B eligible drugs) and
  - GPO Account (GPO eligible drugs)
- The separate purchase orders are submitted to the wholesaler.

### **Changes to Wholesaler Drug Ordering Procedures**

For the purpose of 340B compliance, changes in wholesaler drug ordering procedures are managed using the following guidelines:

#### **Long Term Shortages**

For situations in which there will be an extensive shortage of a medication (e.g., manufacturer backorder), the following steps occur:

- The first acquisition of a new NDC# is purchased on the WAC account.
- The pharmacy information system is updated with the new NDC number.
- It is assumed that drugs in stock in the pharmacy as of this date will be used on qualified outpatients for the next 30 days.
- The 340B database is updated 30 days later to allow existing inventory to be used.

#### **GPO Contract Rolls**

For GPO contract rolls, the following steps occur:

- Identify the start date of the new contract(s).
- The pharmacy information system is updated with the new NDC number.
- It is assumed that drugs in stock in the pharmacy as of this date will be used on qualified outpatients for the next 30 days.
- The 340B database is updated 30 days later to allow existing inventory to be used.
  - Database will be updated sooner than 30 days if stock is depleted

#### **Package Size Changes**

Changes in the manufacturer package sizes result in changes in the number of doses required for reorder. In these instances, a new CDM is assigned to the line item to maintain the integrity of the inventory database.





SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 13 OF 16

EFFECTIVE: 7/2017

REVISED:

### **Billing/Utilization**

#### **Bundling**

Based on the current Ambulatory Payment Classification (APC) group payments for a particular service, appropriate billing practices for bundled drugs is determined. The application of bundling charges is consistent throughout the organization. Based on these practices, the hospital determines which drugs may be separately “billable” and therefore, “unbundled” in order to utilize 340B pricing.

- Drugs that are part of/incident to another service, and payment is not made as direct reimbursement of the drugs, are “bundled” drugs.
- Drugs that are “bundled” are not 340B eligible drugs and may be purchased on a GPO account.
  - Examples of bundled drugs include anesthesia gasses and some drugs used in diagnostic testing.
- Bundling charges is not used to avoid compliance with GPO prohibition.

#### **Third Party Payers**

Prescriptions for outpatient medications are priced according to specific price agreements with payers.

#### **Medicaid**

Prescriptions for Medi-Cal patients are priced in accordance with state requirements:

- CARVE IN: The hospital/covered entity uses 340B drugs for Medicaid patients.
  - Sonoma Valley Hospital has opted to carve-in Medicaid 340B utilization
  - The hospital confirms that all Medicaid billing numbers and NPIs used by the hospital to bill Medicaid for 340B drugs are listed in Medicaid’s Exclusion File Database.
  - Claims must be filled out correctly to prevent “duplicate discounts” which occur when the drug manufacturer gives the provider the discounted 340B price and pays a Medicaid rebate.
    - In order to prevent the “duplicate discount”, Sonoma Valley Hospital identifies drug claims in which 340B drugs were used with a “UD” modifier to inform DHCS that a 340B purchased drug was used for the claim.

### **Monitoring and Auditing**

#### ***Material Breach:***



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 14 OF 16

EFFECTIVE: 7/2017

REVISED:

1. Sonoma Valley Hospital defines a material breach of compliance as a violation(s) that exceeds 5% of hospital drug purchases or impact to any one manufacturer and remain non-correctable within 30 days.
  - a. Sonoma Valley Hospital ensures that identification of any threshold variations occurs among all its 340B settings, including contract pharmacies (if applicable).
  - b. Violations identified through internal self-audits, independent external audits, or other methods that exceed this threshold and remain non-correctable within the entity-defined period timeframe of review, will be immediately reported to HRSA (at [340Bselfdisclosure@hrsa.gov](mailto:340Bselfdisclosure@hrsa.gov)) and applicable manufacturers using the following self-disclosure report template:
    - i. [https://docs.340bpvp.com/documents/public/resourcecenter/ALL\\_Entities\\_Self\\_Reporting\\_340B\\_Non\\_Compliance.docx](https://docs.340bpvp.com/documents/public/resourcecenter/ALL_Entities_Self_Reporting_340B_Non_Compliance.docx)
2. Sonoma Valley Hospital maintains records of materiality assessments.
3. Sonoma Valley Hospital maintains records (including all internal or external correspondence and corrective action plans) of violations, materiality assessment, and resolution of manufacturer self-disclosure and/or formal self-disclosure to HRSA.
4. The Sonoma Valley Hospital 340B Committee oversees this process, reviews potential violations, performs materiality assessment, and determines if a material breach has occurred.
  - a. The committee identifies to whom to self-disclose the breach dependent on that materiality determination and the corrective action plan resolution.

The following guidelines are used for the purpose of monitoring 340B compliance:

**Monthly:**

Database Crosswalk

- Randomly select any drugs from the Pharmacy Information System.
- Record the NDC number assigned to each drug product.
- Determine if each NDC number matches the NDC number of the product on the shelf.
- Review accuracy of units of measure for each product.
- Validate that the product is currently mapped accurately in the database crosswalk.

**Quarterly:**

Validation of Eligibility

- Log onto the Office of Pharmacy Affairs web site to validate participation in the program. <http://www.hrsa.gov/opa/introduction.htm>.
- Review the hospital Medicare Cost Report to identify:



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 15 OF 16

EFFECTIVE: 7/2017

REVISED:

- Changes in classifications of departments and outpatient treatment areas.
- The DSA% on the Medicare Cost Report remains at 11.75% or higher for DSH

Outpatient Treatment Areas (if applicable)

- Review the treatment area cost centers and center numbers. This list identifies treatment areas as ‘Clean’ (outpatients only treated), ‘Mixed’ (inpatient and outpatients treated) or ‘Not Eligible’ for 340B pricing.
- Re-classify clinics as necessary.
- Classify any new clinics and cost centers. Verify with Information Systems staff that the clinic cost centers are included in the Outpatient Charge Capture Report.

PO Generator Facilities

- Download a 340B purchase history report for a three month period for several drugs that are administered only in outpatient treatment areas. Compare the number of units purchased against the number of units justified by documented charges.
- Investigate discrepancies that are larger than can be explained by small shifts in on hand inventory.

Wholesaler Pricing

- The availability of the prices are verified by random checks of pricing in the wholesaler database.

Compliance Checklists

- Complete 340B Health’s 340B Compliance Checklist. Any significant findings are addressed with a plan of correction and reported to the Sonoma Valley Hospital CEO.

Training

1. Sonoma Valley Hospital determines the knowledge and educational requirements for each 340B Program role
2. 340B key stakeholders complete initial basic training upon hire via the link below:
  - a. <https://www.brainshark.com/apexus/TopFive340BBasics> OR
  - b. Attend 340B University or view the 340B University OnDemand modules on the Apexus website
3. Sonoma Valley Hospital provides educational updates and training as needed (including but not limited to 340B policy changes, updates in HRSA guidance, etc.)



SUBJECT: 340B Drug Discount Purchasing Program

POLICY #MM8610-158

DEPARTMENT: Organizational

PAGE 16 OF 16

EFFECTIVE: 7/2017

REVISED:

**Reference:**

- Section 340B of the Public Health Service Act
- Office of Pharmacy Affairs 340B Drug Pricing Program website, <http://www.hrsa.gov/opa/> (accessed September 2013)
- 340B University Glossary of Terms <https://docs.340bpvp.com/documents/public/resourcecenter/glossary.pdf> (accessed September 2013)
- Policy # UR8610-100 Patient Status Determinations



SUBJECT: Access to Medication When the Pharmacy is Closed      POLICY #MM8610-146

PAGE 1 OF 1

DEPARTMENT: Organizational

EFFECTIVE: 08/2007

REVISED: 06/14, 7/17

Revised       Reviewed/No Changes       Retired

**CHANGE SUMMARY:**

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

**What:**

Medications obtained when the pharmacy is closed are documented, tracked, and trended and the results analyzed to identify the need for access to additional emergency medications and the need for additional medication storage resources; as well as overall compliance and appropriateness of the hospital’s after-hours medication practices. Updated units that are not on Pyxis Profile mode to reflect change in practice.

**Why:**

To establish a procedure for providing safe, quality care to meet a patient’s urgent or emergent medication needs when the pharmacy is closed.

**AUTHOR JOB TITLES:**

Chris Kutza, Director of Pharmacy  
Michael Brown, M.D., Pharmacy & Therapeutics Chair

**COMMITTEE APPROVALS:**

Michael Brown, M.D., Pharmacy & Therapeutics Chair:  
Policy & Procedure Team: 6/20/17  
P&T Committee: 7/6/17  
Medical Executive Committee: 7/20/17  
Board Quality Committee: 2/28/18  
The Board of Directors:



|                                   |                     |
|-----------------------------------|---------------------|
| SUBJECT: Diet Manual and Approval | POLICY # NU8340-151 |
|                                   | PAGE 1 OF 2         |
| DEPARTMENT: Nutritional Services  | EFFECTIVE:          |
| REVIEW/REVISED:                   |                     |

**NEW POLICY**

The new policy is eliminating a physical Diet Manual and using an online manual from the American Dietetic Association. Access will be given to all care givers through the ADA Website.

**AUTHOR JOB TITLES:**

Bob Harrison, Nutritional Manager  
Michael Brown, M.D., Pharmacy & Therapeutics Chair

**COMMITTEE APPROVALS:**

Policy & Procedure Team: 6/20/17  
Performance Improvement Committee: 10/26/17  
Medical Executive Committee: 11/19/17  
Board Quality Committee: 2/28/18  
The Board of Directors:



SUBJECT: Diet Manual and Approval

POLICY # NU8340-151

DEPARTMENT: Nutritional Services

PAGE 2 OF 2

EFFECTIVE:

REVIEW/REVISED:

**Policy:**

To provide patients with daily meals which provide the Recommended Food and Nutrition Allowances. It is the policy of the hospital that the Clinical Dietitian provides up-to-date clinical information to patients instructed on modified diets. The Diet Manual outlines current guidelines for regular and modified diets which will meet the patient's nutrient needs. All diets that do not meet the RDA are identified in the diet manual.

**Procedure:**

The Diet Manual used at Sonoma Valley Hospital is the Clinical Diet Manual – A Handbook for Medical Nutrition Therapy 16<sup>th</sup> Edition, by Food and Nutrition Management Services Inc. It will serve as a clinical resource for patients on modified diets. Also available for reference is the Online Nutrition Care Manual of the Academy of Nutrition and Dietetics.

1. The Diet Manual used at Sonoma Valley Hospital is the Online Nutrition Care Manual of the Academy of Nutrition and Dietetics. This will serve as a clinical resource for patients staff, and physicians, on modified diets. Also available for reference is the
2. A link to the Manual will be available in all patient care areas.
3. When necessary, the Director of Food and Nutrition Services and the Clinical Dietitian will adapt the Diet Manual to hospital policies and procedures.
4. The physician is urged to order patient diets according to the hospital's Diet Manual. Arrangement for other modifications may be made by consulting with the dietitian.

**Reference:**

CIHQ Standard of Care NU-04

SUBJECT: Emergency Operations Plan 2018

POLICY # EM8610-100

DEPARTMENT: Organizational

EFFECTIVE: 09/07

REVIEW/REVISED: 05/12, 3/13, 1/14, 2/15, 12/17

Revised

Reviewed/No Changes

Retired

**CHANGE SUMMARY:**

The EOP plan has been revised to reflect current changes in Emergency Management Committee structure and associated FEMA educational requirements for team members. CMS has added 3 additional standards and requirements to Emergency Preparedness in 2017 and the policy reflects the new requirements. Phone lists for contact agencies listed in the Appendices were updated.

**What:** This policy is required to be updated annually and had not been updated since 2015. Changes to regulatory requirements have since been added. Structure of Emergency management committee

**Why:** Much of the policy and appendix information was out of date. The recent fire storm last October brought much of that to light.

**OWNER:**

Emergency Management Committee

**AUTHORS/REVIEWERS:**

Mark Kobe, Chief Nursing Officer

Dawn Kuwahara, Chief Ancillary Services Officer

Gregory Gatenian, Engineering Manager

Celia Kruse dela Rosa, Marketing & Public Relations Coordinator

**APPROVALS:**

Policy & Procedure Team: 2/20/2018

Board Quality Committee: 2/28/2018

The Board of Directors:





|  |                    |
|--|--------------------|
| SUBJECT: Handling of Medical Gas Cylinders in Patient Care Areas | POLICY #QS8610-131 |
| DEPARTMENT: ORGANIZATIONAL                                       | PAGE1 OF3          |
| REVISED:   | DATE:              |

**NEW POLICY**

**Why:** During recent CDPH survey the need for this policy was identified by the surveyor per NFPA 99 2012, 11.5.2.1.3.

**What:**  
To establish safe handling procedures for oxygen and other medical gases cylinders stored and used in patient care areas. Cylinders under pressure present potential danger of explosion, fire or become a projectile if not secured properly

**OWNER:**  
Director of Facilities

**AUTHORS/REVIEWERS:**  
Kimberly Drummond, Director of Facilities  
Grigory Gatenian, Plant Operations Manager  
Lynn McKissock, Director of Human Resources

**APPROVALS:**  
Policy & Procedure Team: 2/20/2018  
Board Quality Committee: 2/28/2018  
The Board of Directors:



|  |                    |
|--|--------------------|
| SUBJECT: Handling of Medical Gas Cylinders in Patient Care Areas | POLICY #QS8610-131 |
| DEPARTMENT: ORGANIZATIONAL                                       | PAGE 2 OF 3        |
| REVISED:   | DATE:              |

**PUPROSE:**

To establish safe handling procedures for oxygen and other medical gases cylinders stored and used in patient care areas.

Cylinders under pressure present potential danger of explosion, fire or become a projectile if not secured properly.

**POLICY:**

Personnel involved in application, handling and maintaining medical gases and cylinders containing medical gases shall be trained on the risks associated with such duties.

All freestanding cylinders shall be stored in a rack, on a cart, in a portable cylinder holder or secured with a chain to protect them from falling over. Full cylinders shall be segregated from partially filled and empty cylinders. Signs shall be installed on racks to identify them as **full** and **empty**.

**PROCEDURE:**

All employees involved in direct patient care, as well as employees in Materials Management and Engineering, will be assigned the online training module in regards to the safe administration and handling of medical gas cylinders and gases upon hire.

All employees involved in the handling and use of medical gas cylinders and gases will be assigned continuing education for the safe administration and management of medical gas cylinders and gases on an annual basis.

**Gas Cylinder Fill Status:**

**FULL** means the cylinder has not been opened, the gauge arrow is in the “green.”  
**EMPTY** means the cylinder has been used (regardless of remaining pressure)

**Cylinders IN-USE vs. IN-STORAGE:**

“IN-USE” - Cylinders properly secured to a gurney, wheel chair, crash cart, medical equipment, etc., are considered “IN-USE.” In addition, pursuant to CMS letter S&C-



|  |                    |
|--|--------------------|
| SUBJECT: Handling of Medical Gas Cylinders in Patient Care Areas | POLICY #QS8610-131 |
| DEPARTMENT: ORGANIZATIONAL                                       | PAGE3 OF3          |
| REVISED:   | DATE:              |

07-10, an individual cylinder placed in a patient room for immediate use by a patient is also “IN-USE.”

“IN-STORAGE” - All other cylinders placed in the appropriately labeled racks.

**Inventory Control:**

The end user department should establish PAR levels based on anticipated and historical use data. The Materials Management distribution tech will monitor and maintain that level.

The distribution tech along with the end user department shall ensure the 300 cubic feet (12 e-size cylinders) limit is not exceeded.

**REFERENCE:**

National Fire Protection Association, NFPA 99-2012 section 11.5.2.1.1; 11.5.2.1.2



|  |                   |
|--|-------------------|
| SUBJECT: Handoff Communications with HealthCare Providers/SBAR | POLICY #PC8610134 |
| DEPARTMENT: Organizational                                     | PAGE1 OF1         |
| REVIEW/REVISED: 12/08, 2/14                                    | EFFECTIVE: 12/07  |

- Revised     
  Reviewed/No Changes     
  Retired

**CHANGE SUMMARY:**

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

**What:**

Added: “Use Ticket to Ride SBAR form” under Transport of Patient to/from Diagnostic or Procedural Areas

Changed: reference “2009 Joint Commission Standards: NPSG” to “National Patient Safety Goals 2009, 02.02.01”

**Why:**

To provide accurate information about a patient’s care, treatment, or services when responsibilities are “handed off” from one care provider to another.

New Cal OSHA requirement to include information on patients who are at risk for violence during patient handoffs. The question: “At risk for violence- yes or no” was added to the Ticket to Ride form used when patient is off the nursing unit for diagnostics or procedure. The Ticket to Ride form was added to the Handoff Communications with HealthCare Providers/SBAR policy.

**AUTHORS:**

Education Coordinator

**APPROVALS:**

- Policy & Procedure Team: 12/19/17
- Medicine Committee: 1/11/18
- Medical Executive Committee: 1/18/18
- Board Quality Committee: 2/28/18
- The Board of Directors:



SUBJECT: Humidity and Temperature Monitoring in Surgery and Birthplace Surgical Suites

POLICY #OI8610-102

DEPARTMENT: Organizational

PAGE 1 OF 1

EFFECTIVE: 6/11

REVIEW/REVISED: 3/12, 2/16

Revised       Reviewed/No Changes       Retired

**CHANGE SUMMARY:**

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

**What:** Removed the verbiage “include the comfort of the surgery team, excessive perspiration” and changed to “Recommended temperature range is 68-73°F but considerations for adjustments to temperature include clinical needs of the patient or the procedure” as this is not in alignment with ASHREA Standard 170.

Removed “The Surgery and Birthplace Department staff shall be responsible for monitoring temperature and relative humidity levels on a daily basis when the surgical suites are in use” and changed to “The Surgery and Birthplace Department staff shall be responsible for monitoring and documenting temperature and relative humidity levels during stable times (first thing in the morning, before surgical cases)”

**Why:**

The changes reflect the current recommendations by ASHREA Standard 170 for monitoring and documenting temperature in the operating rooms to ensure regulatory compliance and patient safety. Reading should be taken in stable environment, per regulations.

**AUTHORS:**

Janine Clark, Surgery Manager  
Andrew Solomon, M.D., Medical Director of Surgical Services

**APPROVALS:**

Policy & Procedure Team: 11/21/17  
Surgery Committee: 12/6/17  
Medical Executive Committee: 12/21/17  
Board Quality Committee: 2/28/18  
The Board of Directors:



SUBJECT: Medical Imaging Operational Hours and Support Services

POLICY #PC7630-109

DEPARTMENT: Medical Imaging Department

PAGE 1 OF 2

EFFECTIVE: 02/93

REVISED: 01/05, 08/13, 01/15, 09/16, 08/17

Revised       Reviewed/No Changes       Retired

**CHANGE SUMMARY:**

This policy updates the previous policy to make it Title 22 compliant.

Sonoma Valley Hospital was cited for non-compliance with Title 22 for not providing 24 hours ultrasound coverage. Title 22 doesn't spell requirement for 24 hours coverage by ultrasound, but it does require that the Imaging Department supports Basic Emergency Medical Services. The minimum requirement is one x-ray room with Fluoro capability and personnel trained to operate that equipment. The Imaging Department is, in fact compliant with Title 22, but the previous policy made us vulnerable to interpretation, because it listed all different modalities and their operational hours. State requirements are not separate for different modalities and Title 22 is at best ambiguous. The only specific requirement is for x-ray, as mentioned above.

**What:**

The Imaging Department operational hours and support services hours are globalized without breaking the hours by department. This is necessary for compliance. See explanation below:

**Why:**

To establish the Imaging services scope and operational hours and provide support for the Hospital and Basic Emergency Medical services. The previous policy was based on the operational capabilities and detailed services that we provide without mention of compliance with Title 22. The revised policy is drafted to reflect the overall services Imaging Department provides to comply with Title 22 and is not open for interpretation by inspectors.

**AUTHORS:**

Sonya Todorova, Imaging Manager

**APPROVALS:**

Adam Nevitt, M.D., Medical Director of Imaging: 9/18/17

Policy & Procedure Team: 9/19/17

Surgery Committee: 12/6/17

Medical Executive Committee: 12/21/17

Board Quality Committee: 2/28/18

The Board of Directors:



SUBJECT: Medical Imaging Operational Hours  
and Support Services

DEPARTMENT: Medical Imaging Department

REVISED: 01/05, 08/13, 01/15, 09/16, 08/17

POLICY #PC7630-109

PAGE 2 OF 2

EFFECTIVE: 02/93



**Review and Approval Requirements**

The SVH departmental/organizational policies and/or procedures on the attached list have been reviewed and approved by the following organizational leaders for meeting all of the following criteria. All of these policies and procedures are:

- Consistent with the Mission, Vision and Values of the Sonoma Valley Health Care District
- Consistent with all Board Policy, Hospital Policy and Hospital Procedures
- Meet all applicable law, regulation, and related accreditation standards
- Consistent with prevailing standards of care
- Consistent with evidence-based practice

We recommend their acceptance by the Quality Committee and that the Quality Committee forward them to the Sonoma Valley Health Care District Board with a recommendation to approve.

**ORGANIZATIONAL**

**REVIEWED / NO CHANGES**

Disposal of Medical and Biohazardous Waste IC8610-120

**MINOR CHANGES**

Compounding Drug Products MM8610-137

added California requirement for “Compounded in Pharmacy” labeling requirement

Reporting Controlled Substance Theft or Loss MM8610-141

added detail for California requirements for number of days allowed before reporting is required

Unit Dose Packaging MM8610-143

updated California expiration dating requirements

**UPDATED REFERENCES**

Authorized Access to Medication Storage Areas MM8610-145

Compounding Drug Products MM8610-137

Fentanyl Patch MM8610-130

Herbal and Natural Product Use MM8610-136

High Alert Medications MM8610-131

Investigational Drug Use MM8610-135

Labeling of Medications MM8610-132

Licensed Pharmacy Employee Theft or Impairment MM8610-140

Medication Recalls MM8610-139

Medication Reconciliation MM8610-144

Medication Shortages MM8610-142

Nursing Screening for Nutritional Risk NU8610-102

Pyxis Medstation, Management and Use of MM8610-147

Standing Orders and Protocols MM8610-134

Unapproved Abbreviations MM8610-128





|  |                    |
|--|--------------------|
| SUBJECT: MRI, Patient Preparation      | POLICY #MM7630-102 |
| DEPARTMENT: Medical Imaging Department | PAGE1 OF4          |
| Reviewed/Revised:                      | EFFECTIVE:         |

**NEW POLICY**

**Why:**

To establish the oral sedation and safety procedures for all MRI exams.

**AUTHOR JOB TITLES:**

Sonya Todorova, Imaging Manager  
Adam Nevitt, M.D., Medical Director of Imaging

**APPROVALS:**

Adam Nevitt, M.D., Medical Director of Imaging: 9/18/17  
Policy & Procedure Committee: 9/19/17  
Surgery Committee: 12/6/17  
Medical Executive Committee: 12/21/17  
Board Quality Committee: 2/28/18  
Board of Directors:



|  |                    |
|--|--------------------|
| SUBJECT: MRI, Patient Preparation      | POLICY #MM7630-102 |
| DEPARTMENT: Medical Imaging Department | PAGE2 OF4          |
| Reviewed/Revised:                      | EFFECTIVE:         |

**PURPOSE:**

To establish the oral sedation and safety procedures for all MRI exams.

**POLICY:**

Two safety screening forms must be completed and signed by a qualified nurse or clinician. These forms are found on the SVH intranet. If a detailed full medical and surgical history cannot be completed due to patient condition, family members can assist with completing the safety forms.

All safety questions need to be answered as fully as possible. These forms must be signed and dated by floor personnel or clinician. MRI screening forms should be faxed to MRI at 935-5249 as soon as possible after completion.

This process satisfies the medical legal requirement involving MRI safety and must be completed in its entirety to move forward with the exam. MRI scans cannot be performed without completed Safety forms.

**PROCEDURE:**

Many patients experience situational anxiety when providers order MRI exams. These problems are usually remedied with oral sedation. Patient’s ability to be still during their MRI test is very important for the quality of the exam and allows as to provide the best standard of care.

Sedation cannot be done at the MRI van for safety reasons and it has to be administered 30 minutes before the inpatient’s MRI scheduled time. Due to scheduling limitations, if sedation fails, or the patient declines the MRI exam, they will be rescheduled for the next business day.

**Scope/Responsible Persons:**

- Manager of Medical Imaging
- Medical Director
- Nurse Supervisor
- Chief Nursing Officer
- Skilled Nursing Director



SUBJECT: MRI, Patient Preparation

POLICY #MM7630-102

DEPARTMENT: Medical Imaging Department

PAGE 3 OF 4

EFFECTIVE:

Reviewed/Revised:



SUBJECT: MRI, Patient Preparation

POLICY #MM7630-102

PAGE4 OF4

DEPARTMENT: Medical Imaging Department

EFFECTIVE:

Reviewed/Revised:

**REFERENCE:**

<http://www.IMRSER.org>; website for the Institute for Magnetic Resonance Safety, Education, and Research

Shellock FG, Spinazzi A. MRI Safety Update: 2008, Part 2, Screening patients for MRI. American Journal of Roentgenology. 2008;191:12-21.

Bangard C, et al. MR imaging of claustrophobic patients in an open 1.0T scanner: Motion artifacts and patient acceptability compared with closed bore magnets. Eur J Radiol 2007;64:152-7.



SUBJECT: Non-Obstetric Elective Surgery During Pregnancy

POLICY: PC8610-178

DEPARTMENT: Surgical Services

PAGE 1

EFFECTIVE:

REVISED:

## New Policy

**WHAT:**

A policy with guidelines regarding elective surgery for pregnant patient at SVH

**WHY:**

Inherent risks to fetus from anesthetics as well as limited resources for provision of care to prematurely delivered neonate. We will use a team approach involving all caregivers to decide best scenario for mother/fetus using these guidelines and rules.

**OWNER:**

Mark Kobe, Chief Nursing Officer

**AUTHORS/REVIEWERS:**

Janine Clark, Surgery Manager  
Andrew Solomon, M.D., Medical Director of Surgical Services  
D. P. Amara, M.D., Medical Director of Obstetrics and Gynecology

**APPROVALS:**

Surgery Committee: 12/7/17  
Policy & Procedure Team: 12/19/17  
Medical Executive Committee: 12/21/17  
Board Quality Committee: 2/28/18  
The Board of Directors:



|  |                    |
|--|--------------------|
| SUBJECT: Non-Obstetric Elective Surgery During Pregnancy | POLICY: PC8610-178 |
| DEPARTMENT: Surgical Services                            | PAGE 1             |
| REVISED:   | EFFECTIVE:         |

**PURPOSE:**

To establish clear guidelines in determining safest options for pregnant patient who presents to SVH for surgical procedures with the existing services provided at SVH in consideration of both the pregnant patient as well as her unborn fetus.

**POLICY:**

Because of limited neonatal services at SVH, SVH will not perform elective and/or non-urgent surgeries on any pregnant patient with gestation of 22 to 36 weeks.

In cases or urgent or emergent surgeries, each case will be decided upon using a team approach and will include anesthesia, surgeon, nurses, and the obstetric and pediatric provider to determine optimal safety and outcome for the woman and fetus.

**PROCEDURE:**

Based on ACOG Committee Opinion, Number 696, April 2017:

- A pregnant woman should never be denied indicated surgery, regardless of trimester.
- Elective surgery should be postponed until after delivery. If possible, nonurgent surgery should be performed in the second trimester when preterm contractions and spontaneous abortions are least likely.
- If fetal monitoring is to be used, surgery should be done at an institution with neonatal and pediatric services and an obstetric care provider with cesarean delivery privileges should be readily available.
- When nonobstetric surgery is planned, the primary obstetric care provider should be notified. If that health care provider is not at the institution where surgery is to be performed, another obstetric care provider with privileges at that institution should be involved.
- Ultimately, each case warrants a team approach (anesthesia and obstetric care providers, surgeons, pediatricians, and nurses) for optimal safety of the woman and the fetus.

**REFERENCE:**

ACOG Committee Opinion, Number 696, April 2017  
*(Replaces Committee Opinion Number 474, February 2011)*



|   |                    |
|---|--------------------|
| SUBJECT: Pharmacist Review of Medication Orders | POLICY #MM8610-119 |
| DEPARTMENT: Organizational                      | PAGE1 OF1          |
| REVIEWED/REVISED: 2/16                          | EFFECTIVE: 2/14    |

Revised       Reviewed/No Changes       Retired

**CHANGE SUMMARY:**

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

**What:** Added:

- When auto-processing of Computerized Physician Order Entry (CPOE) is used to bypass prospective pharmacist review using existing Electronic Medical Record (EMR) functionality
  - ✓ Auto-processing is only applied to designated medication order sets that originate in the Emergency Department (ED)
  - ✓ Order sets to be auto-processed will be approved by the medical staff via applicable committee review (refer to list of order sets approved for auto processing found on the SVH Intranet under Pharmacy)
  - ✓ The pharmacist will retrospectively review all medications that underwent auto-processing

**Why:** To improve turnaround time for medication orders in the ED.

**OWNER:**

Chris Kutza, Director of Pharmacy

**AUTHORS/REVIEWERS:**

Chris Kutza, Director of Pharmacy

**APPROVALS:**

Policy & Procedure Team: 12/19/17  
P&T Committee: 1/25/18  
Medical Executive Committee: 2/15/18  
Board Quality Committee: 2/28/18  
The Board of Directors:



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| SUBJECT: Pharmacy and Therapeutics Committee | POLICY #8610-129   |
| DEPARTMENT: Organizational                   | PAGE 1 OF 2        |
| REVISED: 03/14, 7/17                         | EFFECTIVE: 03/2012 |

Revised       Reviewed/No Changes       Retired

**CHANGE SUMMARY:**

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

**What:**

Added section on conflict of interest

**Conflict of Interest**

To assure decisions made by the Pharmacy and Therapeutics Committee are of the highest ethical quality and not influenced by any associations with outside sources with respect to an alternate agenda the following is required:

- Pharmacy and Therapeutics Committee members in order to serve are required to complete and sign a Conflict of Interest Disclosure Statement. See **Appendix A: Conflict of Interest Disclosure Form** below.
- Anyone who provides information or recommendations to the committee related to medication use is required to sign a Conflict of Interest Disclosure Statement.
- Any practitioner submitting a request for formulary revision is required to provide a Conflict of Interest Disclosure Statement.
- Conflict of Interest Disclosure Statement forms are submitted to the Pharmacy and Therapeutics Committee Chairperson or the Director of Pharmacy and are reviewed by the committee. Any actual or potential conflicts identified will attempt to be resolved. Conflict of Interest Disclosure Statements are retained on file by the Director of Pharmacy Services.
- Any member of a hospital committee who perceives a conflict of interest for himself/herself is required to take the following actions:
  - Declare the conflict of interest prior to beginning discussions or debate.
  - Refrain from voting on an issue in which the conflict of interest exists.
  - Refrain from influencing other members' votes for an issue in which a conflict of interest exists.
- Any member that perceives or suspects another member of a potential conflict of interest is required to request tabling the discussion until the suspicions and conflicts are resolved.





SUBJECT: Pharmacy and Therapeutics Committee

POLICY #8610-129

DEPARTMENT: Organizational

PAGE 2 OF 2

EFFECTIVE: 03/2012

REVISED: 03/14, 7/17

**Why:**

To add current best practice of indicating conflict of interest for committee members or presenters. The Pharmacy and Therapeutics Committee must assure balance, independence, objectivity and credibility in all of its actions and resolutions. To do so the committee maintains and enforces a Conflict of Interest policy and procedure that requires disclosure of interests or relationships with drug manufacturer(s) or any pharmaceutical product(s)

**AUTHOR JOB TITLES:**

Chris Kutza, Director of Pharmacy  
Michael Brown, M.D., Pharmacy & Therapeutics Chair

**COMMITTEE APPROVALS:**

Policy & Procedure Team: 6/20/17  
P&T Committee: 7/6/17  
Medical Executive Committee: 7/20/17  
Board Quality Committee: 2/28/18  
The Board of Directors:



|  |                    |
|--|--------------------|
| SUBJECT: Rapid Response Team-Unexpected Clinical Deterioration | POLICY #QS8610-124 |
| DEPARTMENT: Organizational                                     | PAGE1 OF1          |
| REVIEW/REVIEW: 2/08, 8/13, 6/16                                | EFFECTIVE: 11/05   |

Revised       Reviewed/No Changes       Retired

**CHANGE SUMMARY:**

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

**What:** The construct of the team is being changed. Primary responding RN will no longer be the ICU RN. Changing to primary responding RN is ED RN

**Why:** ICU staffing per CDPH title 22 is mandated 2 RNs. When an RRT is called the ICU RN must be replaced by a M/S RN to maintain title 22 standards. This can slow response time. ED has more staffing and therefore more flexibility to send an RN to an RRT. Additionally, ED RNs PALS certified.

**OWNER:**  
Chief Nursing Officer

**AUTHORS/REVIEWERS:**  
Mark Kobe, Chief Nursing Officer

**COMMITTEE APPROVALS:**  
Policy & Procedure Team: 1/16/18  
Medicine Committee: 2/8/18  
Medical Executive Committee: 2/15/18  
Board Quality Committee: 2/28/18  
The Board of Directors:



|   |                    |
|---|--------------------|
| SUBJECT: Warfarin Dosing Protocol                 | POLICY #MM8610-103 |
| DEPARTMENT: Organizational                        | PAGE 1 OF 1        |
| REVIEWED/REVISED: 8/04, 12/05, 11/07, 11/12, 7/17 | EFFECTIVE: 7/26/99 |

Revised       Reviewed/No Changes       Retired

**CHANGE SUMMARY:**

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

**What:**

Removal of monitoring UA, updating to reflect use of CPOE for process, reducing the number of in range INRs to allow expanding the days between lab draws, defined nursing eMAR task for “No Dose Due”.

**Why:**

To outline the pharmacist’s responsibilities when an order is written for pharmacy to dose warfarin (Coumadin) per protocol. To match current practice and reduce the number of lab draws.

**AUTHOR JOB TITLES:**

Chris Kutza, Director of Pharmacy  
Michael Brown, M.D., Pharmacy & Therapeutics Chair

**COMMITTEE APPROVALS:**

Policy & Procedure Team: 6/20/17  
P&T Committee: 7/6/17  
Medical Executive Committee: 7/20/17  
Board Quality Committee: 2/28/18  
The Board of Directors:



SUBJECT:Workplace Violence Prevention Program

POLICY #HR8610-371

DEPARTMENT: Organizational

PAGE1 OF7

EFFECTIVE: 4/18

REVIEW/REVISED:

**NEW**

This policy replaces “Prevention of Workplace Violence HR8610-354” which will be concurrently retired.

**Why:**California’s division of Occupational Safety and Health (Cal/OSHA) has implemented new regulatory requirements specifically aimed at protecting health care workers against workplace violence. A written Workplace Violence Prevention Plan meeting specific requirements is part of this new regulation, with an effective date of April 1, 2018.

**OWNER:**

Safety Committee

**AUTHORS/REVIEWERS:**

Lynn McKissock, Director of Human Resources  
Danielle Jones, Director of Quality and Risk Management  
Kimberly Drummond, Director of Facilities  
Grigory Gatenian, Plant Operations Manager/Safety Officer  
Mark Kobe, Chief Nursing Officer  
Bonnie Bernhardt, Education Coordinator  
Dawn Kuwahara, Chief Ancillary Officer  
Lisa Duarte, Admitting Manager

**APPROVALS:**

Safety Committee: 2/14/18  
Policy & Procedure Team:2/20/2018  
Board Quality Committee: 2/28/2018  
The Board of Directors:/



SUBJECT:Workplace Violence Prevention Program

POLICY #HR8610-371

DEPARTMENT: Organizational

PAGE2 OF7

EFFECTIVE: 4/18

REVIEW/REVISED:

**PURPOSE:**

Sonoma Valley Hospital (SVH)is committed to preventing workplace violence and to maintaining a safe work environment. SVH has adopted the following guidelines to deal with intimidation, harassment or other threats of or actual violence that may occur during work-related activities.

**POLICY:**

SVH refuses to tolerate any form of violence in the workplace and will make every effort to prevent violent incidents from occurring by implementing a Workplace Violence Prevention (WVP) Program. We will provide adequate authority and budgetary resources to responsible parties so that our goals and responsibilities can be met, to every extent possible.

All staff are responsible for actively supporting and adhering to our WVP Program and we encourage employee participation in designing, implementing and updating our program. We require prompt and accurate reporting of all violent incidents whether or not physical injury has occurred. SVH shall take appropriate action to correct any violation of this policy, after an investigation into the facts and circumstances of each reported incident.

SVH prohibits retaliation against an individual who has alleged that a workplace violence incident has occurred, who has participated in an investigation of a workplace violence incident or who has reported an incident of workplace violence to law enforcement. Additionally, we will not discriminate against victims of workplace violence.

A copy of this policy statement and WVP Program is readily available to all employees, and the WVP Program Policy will be reviewed and updated annually.

**PROCEDURE:**

Workplace Violence pertains to any situation involving use of physical force against an employee by a patient or a person accompanying a patient that results in, or has the high likelihood of resulting in, injury, psychological trauma, or stress, regardless of whether the employee sustains an injury AND regardless of the offender’s intentions. Additionally, any use of a firearm or other dangerous weapon, regardless of whether the employee sustains an injury.

Incident Response

If an urgent or emergent threat is present or if the incident involves a firearm or other dangerous weapon, call 911 or use your panic button, if your unit is equipped with one. Call 5555 to initiate Code Grey, if applicable. Administer first aid and other care as appropriate to injured parties.

SUBJECT: Workplace Violence Prevention Program

POLICY #HR8610-371

DEPARTMENT: Organizational

PAGE 3 OF 7

EFFECTIVE: 4/18

REVIEW/REVISED:

Any phone call received that is of a threatening manner should be documented – write down what the caller says and any details of the voice such as deep voice, calm or panicky, slurred speech, etc. If you have a display phone, write down the caller’s number. Report the incident to your department leader or Nursing Supervisor and the Sonoma Police dispatch office, if appropriate.

Post-Incident Response/Investigation

Nursing Supervisor on duty will be notified by staff as well as department leader, if not already present. If the department leader is off duty, they may be called in, depending on the type of incident.

Types of Incidents and Response Steps

**Type 1** (24-hour reporting requirement)

- Involves the use of a firearm or other dangerous weapon.
  - Results in injury that requires inpatient hospitalization in excess of 24 hours, other than medical observation.
  - Presents an urgent or emergent threat (hospital personnel are exposed to a realistic possibility of death or serious physical harm.
- 1) Admin Team member and department leader immediately present on-site (if not already present).
  - 2) Ensure appropriate care (physical and psychological) is provided to staff present. (See Support for Victims of Violence below.)
  - 3) Investigation Report completed (Parts 1 and 2) – SVH Intranet: Emergency/Infection/Safety, WVP Investigation Form (Excel spreadsheet with two sheet tabs). Must be completed electronically, printed, and signed.
  - 4) Online report submitted to Cal/OSHA by Admin Team member within 24 hours of the incident.
  - 5) All completed documentation turned over to Safety Officer for retention and Incident Log.

**Type 2** (72-hour reporting requirement)

- Involves use of physical force against an employee that results in, or has the high likelihood of resulting in, injury, psychological trauma, or stress, regardless of whether the employee sustains an injury.
- 1) Department leader presents on-site as soon as possible, no later than next day.
  - 2) Ensure appropriate care (physical and psychological) is provided to staff present. (See Support for Victims of Violence below.)



SUBJECT: Workplace Violence Prevention Program

POLICY #HR8610-371

PAGE 4 OF 7

DEPARTMENT: Organizational

EFFECTIVE: 4/18

REVIEW/REVISED:

- 3) Investigation Report completed (Parts 1 and 2) – SVH Intranet: Emergency/Infection/Safety, WVP Investigation Form (Excel spreadsheet with two sheet tabs). Must be completed electronically, printed and signed.
- 4) Completed Investigation Report submitted to Safety Officer for Online Report to Cal/OSHA, retention, and Incident Log.

#### Support for Victims of Violence

Victims of incidents under this policy may have to contend with a variety of medical, psychological, and legal consequences. SVH shall assist victims by:

- Referring victims to appropriate medical care
- Referring victims to appropriate community resources.
- Providing flexible work hours or short-term or extended leave as appropriate.
- Cooperating with law enforcement personnel in the investigation of any crime.

#### **RESPONSIBILITIES AND ACCOUNTABILITY:**

The SVH Safety Officer is the WVP Program Administrator and has the authority and responsibility for implementing the provisions of this program for SVH. All managers, supervisors and employees are responsible for implementing and maintaining the WVP Program in their work areas and for answering employee questions about the program. A WVP Program taskforce has been established to assess the vulnerability to workplace violence at our establishment and reach agreement on preventive actions to be taken. This group will be responsible for developing the WVP Program and determining appropriate employee training programs according to specific employee positions/roles. The WVP Program taskforce will also be responsible for regular audits/reviews our overall WVP Program and will convene on an ad hoc basis.

The WVP Program taskforce consists of:

Safety Officer  
Director of Facilities  
Director of Quality & Risk Management  
Chief Nursing Officer  
Chief Ancillary Officer  
Director of Human Resources  
Director of Healing at Home  
Education Coordinator

#### Identifying Environmental Risk Factors

Regular, periodic workplace safety inspections of all departments are conducted. Regular inspections will be supplemented with additional inspections whenever new substances,



SUBJECT: Workplace Violence Prevention Program

POLICY #HR8610-371

PAGE 5 OF 7

DEPARTMENT: Organizational

EFFECTIVE: 4/18

REVIEW/REVISED:

processes, procedures, or equipment introduced into the workplace represent a new safety hazard, or whenever leaders are made aware of a new or previously unrecognized hazard.

Leaders are responsible for identification and correction of hazards that their staff face and should ensure that work areas they exercise control over are inspected at least annually. Leaders shall check for safe work practices with each visit to the workplace and provide immediate verbal feedback where hazards are observed. (Refer to Safety Rounds Policy, # CE8610-174)

#### Identifying & Communicating Patient-Specific Risk Factors

As trained, staff will identify and evaluate specific risk factors which may increase the likelihood that a patient or visitor may become violent, such as history of violent behavior, use of drugs or alcohol and psychiatric or other diagnosis associated with disorientation or confusion. This information will be documented in the electronic medical record (EMR).

If a patient displays signs of threatening or violent behavior, RNs will document the event in the EMR and mark the "At Risk for Violence" checkbox located under the Psych Tab in Clinical Care Station. This checkbox will create a Patient Alert to notify future RNs of this event. This information will also be communicated to staff during patient hand-off.

In departments with patient door placards, a gray strip will be inserted to notify all staff of the potential for violent behavior, prior to entering the room, allowing staff to take appropriate precautions. If the person at risk for violent behavior is a visitor, a gray strip with a "V" will be inserted (See Color Coded Wrist Bands and Door Placards policy, # PC8610-126).

All patients and visitors located in the Emergency Department will be considered to have potential for violent behavior and staff providing care will take precautions.

When a patient has been determined to be at risk for violent behavior and is being transported for diagnostics or a procedure, RNs will use the Ticket to Ride form and mark the checkbox "At Risk for Violence" to allow staff to take precautions. (See Handoff Communications with HealthCare Providers/SBAR policy, # PC8610-134)

#### Coordination with other Employers

Employers who have contracted with SVH to send regular workers (i.e., Registry, Travelers) will be contacted and notified of the SVH WVP Program. Such workers will receive WVP orientation and education prior to and on arrival to SVH.

#### Coordination with Local Law Enforcement

Local law enforcement response is established via 'panic buttons' placed in the emergency department and selected patient care areas. The WVP Program taskforce may seek assistance and/or input from sources to include; local law enforcement, employee assistance program





SUBJECT: Workplace Violence Prevention Program

POLICY #HR8610-371

DEPARTMENT: Organizational

PAGE 6 OF 7

EFFECTIVE: 4/18

REVIEW/REVISED:

counselors, Sonoma Valley Hospital liability insurance carrier, and/or a security/safety specialist.

Communication Plan

Leaders are responsible for communicating with all staff about safety and workplace violence issues in a way that is readily understandable by all. All department personnel are encouraged to communicate safety concerns to their department leader without fear of reprisal. The Safety Committee is another resource for communication regarding safety issues for department employees.

Training

All employees shall receive training upon hire and annually thereafter. Certain employees may receive additional specific training depending upon their particular job and/or work location. When there is a change to equipment, work practices or the work environment due to hazard correction, affected employees shall be trained accordingly.

Employee WVP training is provided at no cost to the employee and is conducted during the employee's working hours, when possible. WVP training may be presented by a knowledgeable supervisor, other department personnel, or by representatives from other relevant departments, agencies, and/or electronic methods. All training will be documented.

| Who Must Be Trained  | Training Requirement   |
|--|--|
| All employees  | One-time initial training on the employer's workplace violence prevention plan and other topics  |
| All employees  | Additional training when new equipment or work practices are introduced or when a new or previously unrecognized workplace violence hazard has been identified |
| Employees who perform patient contact activities   | Annual refresher training on the topics included in the initial training and the results of review of the employer's workplace violence prevention plan        |
| Employees who respond to alarms or other notifications of violent incidents whose assignments involve confronting or controlling persons exhibiting aggressive or violent behavior | Initial and annual training specific to the safe handling of violent incidents   |



SUBJECT: Workplace Violence Prevention Program

POLICY #HR8610-371

DEPARTMENT: Organizational

PAGE 7 OF 7

EFFECTIVE: 4/18

REVIEW/REVISED:

All personnel will be trained on the structure of the WVP Program and location of the written policy upon program implementation and upon hire thereafter. Training will also be provided on how to report unsafe conditions and/or incidents of violence.

Regular refresher training will be provided to all employees on an annual basis.

#### Compliance

It is the responsibility of all staff to comply with all applicable workplace violence prevention and safety regulations, SVH policies, and established work practices. This includes, but is not limited to:

- Observing workplace violence and safety-related signs, posters, warning signals and directions.
- Reviewing the SVH WVP Program and emergency plan.
- Learning about the warning signs and risk factors associated with potential violence.
- Taking part in appropriate safety and workplace violence prevention training.
- Following all safe operating procedures and precautions.
- Reporting incidents of workplace violence immediately to a Nursing Supervisor and/or department leader.
- Participating in environmental workplace safety inspections and surveys.

Standard progressive disciplinary measures in accordance with the applicable personnel policy will result when employees fail to comply with applicable regulations, policy, and/or departmental workplace violence prevention procedures. Staff members will be disciplined for unsafe practices. Repeated failure to comply or willful and intentional noncompliance may result in disciplinary measures up to and including termination.

#### **REFERENCES:**

Workplace Violence Prevention in Health Care Regulation (Title 8, CCR, Section 3342)

## COLLABORATION AGREEMENT

**This COLLABORATION AGREEMENT** (the “Agreement”) is entered into effective as of [\_\_\_\_\_] (the “Effective Date”), between Sonoma Valley Health Care District, a political subdivision of the State of California (“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 and each Party shall be entitled to one vote. 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 prior written 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 or any other accrediting agency, (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 Avenue  
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, the Joint Commission and other 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 only disclose 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") to its employees and other representatives who have a need-to-know for the purposes of this Agreement and the Implementing Agreements. Each Party and its employees and other 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.

**(Signature page to follow)**

**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  
[     To Be Appointed     ]

Sonoma Valley Hospital:

Kelly Mather, President and CEO  
Ken Jensen, Chief Financial Officer  
Chief Medical Officer

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

**Form of Medical Director Agreement**

**MEDICAL DIRECTOR AGREEMENT**

This Medical Director Agreement (“**Agreement**”) is entered into as of [\_\_\_\_\_] (the “**Effective Date**”), by and between Sonoma Valley Health Care District, a political subdivision of the State of California (“**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. SVH owns and operates Sonoma Valley Hospital (“**SVH**”), a licensed general acute care hospital located in Sonoma, California that serves Sonoma Valley.

B. SVH is in need of an experienced, qualified physician to serve as a medical director for the Hospital’s administrative services only (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 and at the mutual discretion of the Parties.

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) professional license fees and professional association membership fees and dues; (b) entertainment and promotion; (c) professional conventions and meetings; (d) professional liability insurance; and (e) travel and lodging.

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 thirty (30) days' prior 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 approval of both parties.



**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.** [Medical Director to be paid at fair market value.]

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<br>President and CEO<br>Sonoma Valley Hospital<br>347 Andrieux Street<br>Sonoma, CA 95476             |
| If to UCSF:     | Shelby Decosta<br>Chief Strategy Officer<br>UCSF Health<br>500 Parnassus Avenue, MU512E<br>San Francisco, CA 94143 |
| With a copy to: | Attn: Chief Campus Counsel<br>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 (“**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:**

Sonoma Valley Hospital  
347 Andrieux Street  
Sonoma, CA 95476  
Attn: Kelly Mather  
President and Chief Executive Officer

**BUSINESS ASSOCIATE:**

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

**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.

**SVH:**

**SONOMA VALLEY HEALTH CARE DISTRICT**

By: \_\_\_\_\_  
Name: Kelly Mather  
Its: President and Chief Executive Officer

**UCSF:**

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

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

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

**Form of Trademark Agreement**

**TRADEMARK LICENSE AGREEMENT**

**UCSF Health**

This Trademark License Agreement (the “**Agreement**”) is made and entered into as of [\_\_\_\_\_], 2018 (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, a political subdivision of the state of California (“**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:

***I. 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

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.

**LICENSEE:**

SONOMA VALLEY HEALTH CARE  
DISTRICT

**UCSF HEALTH:**

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

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

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

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

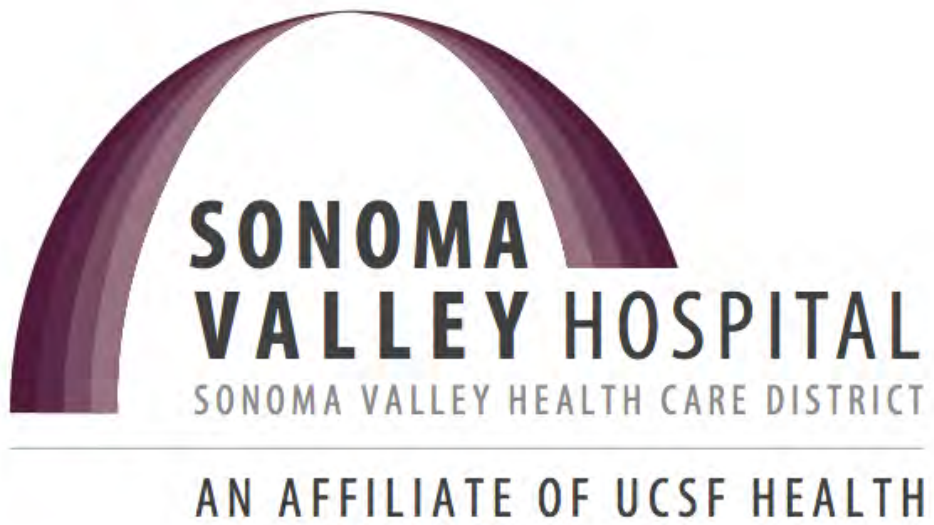
Print: \_\_\_\_\_

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

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

## **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 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 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 three million dollars (\$3,000,000). 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 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 SVH, 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 reasonable advance written notice to SVH of any modification, change or cancellation of any of the above insurance coverages.

7.

BUDGET  
ASSUMPTIONS  
FOR FY2019

## **Sonoma Valley Hospital Fiscal Year 2019 Budget Assumptions**

**The following assumptions will be applied to the actual experience from February 2017 through January 2018. Other adjustments will be made as necessary to reflect current trends in healthcare going forward.**

### **VOLUME**

- Assume actual 12 months volume ending January 2018, with the assumption that volume is stable.
- Do we assume any additional volume for specific departments showing growth (Women's Place)?

### **GROSS REVENUE**

- Assume actual 12 months revenue ending January 2018.
- Add 6% price increase
- Adjust for any additional volume.

### **CONTRACTUAL ALLOWANCES**

- Assume current collection rates and adjust allowance for 6% price increase.

### **WAGES AND BENEFITS**

- 3% increase for salaries for 6-months beginning January 2019 through June 2019
- 3% increase for benefits for 6-months beginning January 2019 through June 2019 (or adjust PTO to cover costs).

### **PROFESSIONAL FEES**

- 3% increase for 12 months ending January 2018

### **SUPPLIES**

- 2% increase for inflation for 12 months ending January 2018

## **FOOD**

- 3% increase for inflation for 12 months ending January 2018

## **PURCHASED SERVICES**

- Assume actual 12 months ending January 2018.
- Purchased services to be reviewed by department and adjusted for inflation as needed.

## **DEPRECIATION**

- Current, will adjust for any new equipment (3-D Mammography equipment).

## **INSURANCE**

- 5% given claims experience – will confirm with insurance agent

## **INTEREST**

- Current, will adjust for expiring leases/loans.

## **UTILITIES**

- Assume actual 12 months ending January 2018.
- No increase given oil prices

## **OTHER EXPENSES**

- Rent/leases- current, will adjust for any new expected leases and remove any expiring.
- All other, no increase
- Will review by department



8.

ADMINISTRATIVE REPORT  
MARCH 2018



**To:** SVHCD Board of Directors  
**From:** Kelly Mather  
**Date:** 2/22/18  
**Subject:** Administrative Report

**Summary**

We are excited that the UCSF Collaboration Agreement has been approved and is ready for signatures. The stakeholders and community have been very positive and excited about this affiliation.

**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>➤ SVH culture of embracing change using Rapid Cycle approaches has begun.</li> <li>➤ Emergency is working on the “Stroke Readiness” certification.</li> <li>➤ We are posting the Medical Director/CMO position with UCSF.</li> <li>➤ We are using standard protocols to ensure Evidence Based Medicine is present and will ask the CMO to lead this process this Spring.</li> <li>➤ The Workplace Violence Prevention program will be complete in April.</li> <li>➤ The Hospital Quality Institute is leading the charge for all hospitals in California to publish a common quality dashboard on our websites.</li> </ul>                                       |
| Be the preferred hospital for patients, physicians, employers and health plans                             | <ul style="list-style-type: none"> <li>➤ Staff participation in the Annual Engagement Survey is 81%.</li> <li>➤ 3D Mammography transition is underway and opens at the hospital March 5<sup>th</sup>.</li> <li>➤ We selected the Design Build team for the Outpatient Diagnostic Center.</li> <li>➤ Sonoma Family Practice transition to 1206b is underway and will be a Rural Health Center next year.</li> <li>➤ The Whole Health Weight Loss Institute opens May 1<sup>st</sup>.</li> <li>➤ Canopy Health has increased the footprint in the Bay Area and is now in San Mateo County.</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 complete and meetings start in March. Branding and the CMO position are the first priority.</li> <li>➤ The Women’s Place launch has been very successful resulting in many new physician referrals. We are also talking with a Uro/GYN physician.</li> <li>➤ We are developing a Pain Management service line with our current physicians.</li> <li>➤ A Cardiology Center is being considered with the addition of the new Cardiologist.</li> <li>➤ Marketing for more awareness of our Primary Care Physicians in Sonoma.</li> <li>➤ The Strategic Planning Committee will do a public input session in April.</li> </ul> |
| Continue to improve financial stability as measured by operating margin                                    | <ul style="list-style-type: none"> <li>➤ Looking at ideas to continue to reduce Overhead.</li> <li>➤ We will have a \$1.3 million pickup from the South Lot sale in Fall 2018.</li> <li>➤ We are looking at potential partners for Home Care.</li> <li>➤ We have found some great solar energy options.</li> <li>➤ Prima costs should be reduced this year.</li> </ul>  |
| Lead progress toward being a healthier community as measured by community benefit                          | <ul style="list-style-type: none"> <li>➤ We are working with Teen Services to help improve job readiness and inspire more healthcare workers.</li> <li>➤ Doctors’ Day is March 30<sup>th</sup>.</li> <li>➤ The Capital Campaign for the Outpatient Diagnostic Center is off to a great start.</li> <li>➤ Celebration of Women is on May 10<sup>th</sup>. Tickets and sponsorships are going well.</li> </ul>  |

## JANUARY 2018

|                                      |                             |                   | National           |
|--------------------------------------|-----------------------------|-------------------|--------------------|
| Patient Experience                   | Current Performance         | FY 2018 Goal      | Benchmark          |
| Would Recommend Hospital             | 51st 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                            | 4.47                        | 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                    | 4                           | < 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        | 74th percentile             | 75th percentile   | 50th percentile    |
| Wellness Ambassadors                 | 253                         | 250               | > 200              |
| Turnover                             | 9.7%                        | < 10%             | < 15%              |
| Financial Stability                  | YTD Performance             | FY 2018 Goal      | Benchmark          |
| EBDA                                 | -.9%                        | 2.9%              | 3%                 |
| FTE's/AOB                            | 3.68                        | 4.3               | 5.3                |
| Days Cash on Hand                    | 23.5                        | 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                 | 650/1114                    | 1193              | 1225               |
| Outpatient Visits                    | 30,914/52,995               | 57,771            | 55,566             |
| Emergency Visits                     | 6293/10,788                 | 11,022            | 11,019             |
| Surgeries                            | 1089/1866                   | 1,800             | 1,680              |
| Births                               | 63/108                      | 132               | 120                |
| Home Health Visits                   | 5472/9380                   | 11,053            | 11,400             |
| Community Benefit Hours              | 952/1632                    | 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 2018 | 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      | 11.3     | 6.3      | 7.2      | 7.7      | 8.4      | 9        |
| Leave of Absences    | <12          | 10       | 10       | 11       | 11       | 11       | 9        | 10       |          |          |          |          |          |
| 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      | 4.9      | 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      | 5.3      | 4.8      | 5.4      | 5.3      | 5.6      | 5.2      |
| Net Income           | >50k         | -197     | -164     | -230     | 62       | -379     | -226     | 125      | 307      | 304      | -24      | 16       | 180      |
| Days Cash on Hand    | >20          | 16       | 10       | 9        | 12.5     | 14       | 17.4     | 23.5     | 27       | 16       | 11       | 19       | 20       |
| A/R Days             | <50          | 45       | 43       | 47       | 45       | 48       | 51       | 51       | 46       | 44       | 47       | 44       | 45       |
| Total FTE's          | <320         | 318      | 314      | 316      | 304      | 329      | 307      | 312      | 322      | 322      | 313      | 319      | 321      |
| FTEs/AOB             | <4.0         | 4.23     | 3.75     | 4.19     | 4.04     | 4.86     | 3.85     | 3.68     | 3.54     | 3.93     | 4.22     | 3.73     | 4.14     |
| Inpatient Discharges | >90          | 76       | 94       | 87       | 87       | 99       | 96       | 111      | 97       | 119      | 89       | 100      | 87       |
| Outpatient Revenue   | >\$13m       | 14.1     | 15.5     | 14.3     | 11.9     | 12.9     | 14.1     | 14.7     | 12.2     | 15.1     | 13.1     | 15.5     | 15.4     |
| Surgeries            | >150         | 162      | 164      | 187      | 120      | 155      | 160      | 141      | 127      | 189      | 171      | 173      | 197      |
| Home Health          | >950         | 870      | 713      | 789      | 871      | 630      | 798      | 801      | 922      | 849      | 934      | 966      | 940      |
| Births               | >11          | 6        | 10       | 5        | 12       | 11       | 10       | 7        | 12       | 12       | 11       | 7        | 15       |
| SNF days             | >550         | 528      | 500      | 479      | 624      | 468      | 563      | 646      | 607      | 572      | 512      | 559      | 458      |
| MRI                  | >120         | 102      | 134      | 128      | 100      | 80       | 105      | 106      | 107      | 137      | 121      | 116      | 109      |
| Cardiology (Echos)   | >50          | 62       | 93       | 73       | 54       | 80       | 93       | 96       | 69       | 89       | 70       | 70       | 79       |
| Laboratory           | >12          | 11.9     | 12.2     | 11.6     | 10.8     | 12.0     | 11.4     | 12.9     | 11.5     | 13.9     | 12.1     | 13.6     | 11.8     |
| Radiology            | >850         | 881      | 966      | 870      | 757      | 882      | 891      | 1072     | 981      | 1159     | 963      | 1142     | 1137     |
| Rehab                | >2700        | 2362     | 2872     | 2502     | 2078     | 2945     | 2884     | 2593     | 2161     | 3020     | 2748     | 2983     | 2802     |
| CT                   | >300         | 326      | 390      | 354      | 271      | 272      | 386      | 346      | 323      | 398      | 385      | 407      | 376      |
| ER                   | >900         | 920      | 894      | 921      | 827      | 816      | 919      | 996      | 851      | 941      | 921      | 1069     | 964      |
| Mammography          | >200         | 223      | 235      | 201      | 191      | 253      | 249      | 190      | 215      | 246      | 191      | 214      | 219      |
| Ultrasound           | >300         | 287      | 326      | 265      | 188      | 236      | 258      | 274      | 284      | 334      | 213      | 279      | 312      |
| Occupational Health  | >600         | 642      | 705      | 552      | 707      | 588      | 416      | 504      | 568      | 611      | 631      | 607      | 659      |
| Wound Care           | >200         | 226      | 263      | 287      | 287      | 203      | 277      | 204      | 238      | 348      | 239      | 203      | 307      |
|                      |              |          |          |          |          |          |          |          |          |          |          |          |          |

9.

FINANCIAL REPORT  
MONTH ENDED  
JANUARY 31, 2018



**To:** SVH Finance Committee  
**From:** Ken Jensen, CFO  
**Date:** February 27, 2018  
**Subject:** Financial Report for the Month Ending January 31, 2018

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The year-to-date financial performance has not met expectations. Inpatient days, deliveries and outpatient visits were well under the budgeted volumes. Some cost adjustments were implemented in January which primarily impacted salaries in a positive way. Most of the resultant savings should continue through the balance of the fiscal year short of some costs that will be required for Medical Direction and rehab services. The October fires also contributed to a “loss of income” approximating \$300,000. It is not expected that the cost adjustments will offset the year-to date under budget performance but should mitigate some of the shortfall for the balance of the year.

The actual loss of (\$433,055) from operations for January was (\$98,764) unfavorable to the budgeted loss of (\$334,291). After accounting for all other activity; January’s net income was \$125,473 vs. the budgeted net income of \$78,206 with a monthly EBIDA of 3.1% vs. a budgeted 4.8%.

**Gross patient revenue** for January was \$24,395,130, \$947,194 over budget. Inpatient gross revenue was under budget by (\$215,800). Inpatient days were under budget by (75) days and inpatient surgeries were over budgeted expectations by 5 cases. Outpatient revenue was over budget by \$421,744. Outpatient visits were over budgeted expectations by 145 visits, and outpatient surgeries were at budgeted expectations at 109 cases. The Emergency Room gross revenue is over budget by \$338,684 with ER visits close to budgeted expectations at 996 visits. SNF gross charges were over budgeted expectations by \$413,720 and SNF patient days were over budget by 54 days. Home Health was under budget by (\$11,154) with visits under budget by (94) visits which is due to seeing a reduced number of Kaiser HHA patients.

Gross revenue from surgical implants in January is \$892,929 with \$559,972 from inpatient surgeries and \$332,957 from outpatient surgeries, and total implant costs were (\$198,943). The net, before any revenue deductions, is \$693,986.

**Deductions from revenue** were unfavorable to budgeted expectations by (\$1,017,786). Of the variance, (\$250,772) is from the budgeted governmental program payments (IGT) being spread over 12 months. The variance was also impacted by a negative shift in payer mix with Medicare volume increasing by 3.6 percentage points over budget and Commercial volume dropping by 4.4 percentage points. Without the IGT variance, the deductions from revenue variance is unfavorable by (\$767,014) which is due to the gross revenue being over budgeted expectations.

After accounting for all other operating revenue, the **total operating revenue** was unfavorable to budgeted expectations by (\$108,578).

**Operating Expenses** of \$5,357,471 were favorable to budget by \$9,814. Salaries and wages and agency fees were under budget by 106,811. Salaries and wages were under budget by \$124,461 and agency fees were over budget by (\$17,650). Professional fees were over budget by (\$7,878) primarily due to non-budgeted consulting fees offset by lower administration salaries. Supplies were over budget (\$129,990) primarily in surgery due to inpatient surgery volume (\$34,258 - supplies) and (\$48,051 – implants) and in the lab (\$40,293) due to an increased use of flu kits needed in December and January. Purchased services were over budget by (\$68,257) due to additional service cost invoices for the hospital’s outsourced bio-medical repairs and maintenance covering April 2017 to November 2017 (\$24,546) and in IT (\$31,879) due to reconciling the McKesson Paragon account. There were no matching fees posted in January.

As mentioned above, the hospital implemented a cost reduction plan that took effect on January 1, 2018, with the intention of a cost savings of \$100,000 to \$150,000 monthly. For the month of January, the hospital saved \$101,891. See attachment I for details.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for January was (\$178,532) vs. a budgeted net loss of (\$85,529). The total net income for January after all activity was \$125,473 vs. a budgeted net income of \$78,206.

EBIDA for the month of January was 3.1% vs. the budgeted 4.8%.

**Patient Volumes – January**

|                    | ACTUAL   | BUDGET   | VARIANCE | PRIOR YEAR |
|--------------------|----------|----------|----------|------------|
| Acute Discharges   | 111      | 124      | -13      | 119        |
| Newborn Discharges | 7        | 15       | -8       | 11         |
| Acute Patient Days | 394      | 469      | -75      | 465        |
| SNF Patient Days   | 646      | 592      | 54       | 592        |
| Home Care Visits   | 801      | 895      | -94      | 877        |
| OP Gross Revenue   | \$14,741 | \$13,977 | \$764    | \$13,500   |
| Surgical Cases     | 141      | 136      | 5        | 148        |

### Gross Revenue Overall Payer Mix – January

|                   | ACTUAL | BUDGET | VARIANCE | YTD ACTUAL | YTD BUDGET | VARIANCE |
|-------------------|--------|--------|----------|------------|------------|----------|
| Medicare          | 43.7%  | 45.8%  | -2.1%    | 44.2%      | 45.5%      | -1.3%    |
| Medicare Mgd Care | 15.6%  | 9.9%   | 5.7%     | 12.6%      | 9.9%       | 2.7%     |
| Medi-Cal          | 18.3%  | 18.1%  | 0.2%     | 17.7%      | 17.9%      | -0.2%    |
| Self Pay          | 1.9%   | 1.2%   | 0.7%     | 1.3%       | 1.2%       | 0.1%     |
| Commercial        | 15.6%  | 20.0%  | -4.4%    | 19.7%      | 20.5%      | -0.8%    |
| Workers Comp      | 2.2%   | 3.0%   | -0.8%    | 2.2%       | 3.0%       | -0.8%    |
| Capitated         | 2.7%   | 2.0%   | 0.7%     | 2.3%       | 2.0%       | 0.3%     |
| Total             | 100.0% | 100.0% |          | 100.0%     | 100.0%     |          |

### Cash Activity for January:

For the month of January the cash collection goal was \$3,538,300 and the Hospital collected \$3,830,890 or over the goal by \$292,590. The year-to-date cash collection goal was \$25,118,261 and the Hospital has collected \$25,807,980 or over goal by 689,719. Days of cash on hand are 23.5 days at January 31, 2018. Accounts Receivable increased from December from 50.5 days to 51.2 days in January. Accounts Payable decreased by (\$283,763) from December and Accounts Payable days are at 45.3.

### 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
- Attachment I is the Cash Savings from cost reduction plan implemented 1/1/2018



**Sonoma Valley Hospital**  
**Payer Mix for the month of January 31, 2018**

ATTACHMENT A

**January-18**

**YTD**

| <b>Gross Revenue:</b>         | <b>Actual</b>     | <b>Budget</b>     | <b>Variance</b> | <b>% Variance</b> |
|-------------------------------|-------------------|-------------------|-----------------|-------------------|
| Medicare                      | 10,666,738        | 10,725,039        | -58,301         | -0.5%             |
| Medicare Managed Care         | 3,809,315         | 2,321,798         | 1,487,517       | 64.1%             |
| Medi-Cal                      | 4,465,013         | 4,233,009         | 232,004         | 5.5%              |
| Self Pay                      | 452,062           | 287,069           | 164,993         | 57.5%             |
| Commercial & Other Government | 3,813,211         | 4,714,129         | -900,918        | -19.1%            |
| Worker's Comp.                | 541,175           | 703,755           | -162,580        | -23.1%            |
| Capitated                     | 647,616           | 463,137           | 184,479         | 39.8%             |
| <b>Total</b>                  | <b>24,395,130</b> | <b>23,447,936</b> | <b>947,194</b>  |                   |

|                               | <b>Actual</b>      | <b>Budget</b>      | <b>Variance</b>    | <b>% Variance</b> |
|-------------------------------|--------------------|--------------------|--------------------|-------------------|
| Medicare                      | 68,514,560         | 72,047,235         | -3,532,675         | -4.9%             |
| Medicare Managed Care         | 19,309,942         | 15,770,342         | 3,539,600          | 22.4%             |
| Medi-Cal                      | 27,324,071         | 28,419,741         | -1,095,670         | -3.9%             |
| Self Pay                      | 2,013,885          | 1,972,727          | 41,158             | 2.1%              |
| Commercial & Other Government | 30,375,720         | 32,520,016         | -2,144,296         | -6.6%             |
| Worker's Comp.                | 3,436,919          | 4,828,747          | -1,391,828         | -28.8%            |
| Capitated                     | 3,518,009          | 3,229,440          | 288,569            | 8.9%              |
| <b>Total</b>                  | <b>154,493,106</b> | <b>158,788,248</b> | <b>(4,295,142)</b> |                   |

| <b>Net Revenue:</b>           | <b>Actual</b>    | <b>Budget</b>    | <b>Variance</b> | <b>% Variance</b> |
|-------------------------------|------------------|------------------|-----------------|-------------------|
| Medicare                      | 1,700,098        | 1,578,211        | 121,887         | 7.7%              |
| Medicare Managed Care         | 577,266          | 298,084          | 279,182         | 93.7%             |
| Medi-Cal                      | 611,296          | 432,491          | 178,805         | 41.3%             |
| Self Pay                      | 230,552          | 172,241          | 58,311          | 33.9%             |
| Commercial & Other Government | 1,489,235        | 1,894,441        | -405,206        | -21.4%            |
| Worker's Comp.                | 130,192          | 181,892          | -51,700         | -28.4%            |
| Capitated                     | 13,919           | 15,018           | -1,099          | -7.3%             |
| Prior Period Adj/IGT          | 62,500           | 313,272          | -250,772        | -80.0%            |
| <b>Total</b>                  | <b>4,815,058</b> | <b>4,885,650</b> | <b>(70,592)</b> | <b>-1.4%</b>      |

|                               | <b>Actual</b>     | <b>Budget</b>     | <b>Variance</b>    | <b>% Variance</b> |
|-------------------------------|-------------------|-------------------|--------------------|-------------------|
| Medicare                      | 10,536,969        | 10,936,673        | -399,704           | -3.7%             |
| Medicare Managed Care         | 2,783,504         | 2,024,743         | 758,761            | 37.5%             |
| Medi-Cal                      | 3,966,873         | 3,851,931         | 114,942            | 3.0%              |
| Self Pay                      | 1,034,614         | 962,679           | 71,935             | 7.5%              |
| Commercial & Other Government | 10,220,185        | 11,842,416        | -1,622,231         | -13.7%            |
| Worker's Comp.                | 742,747           | 1,173,090         | -430,343           | -36.7%            |
| Capitated                     | 100,504           | 104,692           | -4,188             | -4.0%             |
| Prior Period Adj/IGT          | 2,419,443         | 2,192,904         | 226,539            | 10.3%             |
| <b>Total</b>                  | <b>31,804,839</b> | <b>33,089,128</b> | <b>(1,284,289)</b> | <b>-3.9%</b>      |

| <b>Percent of Net Revenue:</b> | <b>Actual</b> | <b>Budget</b> | <b>Variance</b> | <b>% Variance</b> |
|--------------------------------|---------------|---------------|-----------------|-------------------|
| Medicare                       | 35.3%         | 32.3%         | 3.0%            | 9.3%              |
| Medicare Managed Care          | 12.0%         | 6.1%          | 5.9%            | 96.5%             |
| Medi-Cal                       | 14.0%         | 15.3%         | -1.3%           | -8.3%             |
| Self Pay                       | 4.8%          | 3.5%          | 1.3%            | 35.8%             |
| Commercial & Other Government  | 30.9%         | 38.8%         | -7.8%           | -20.2%            |
| Worker's Comp.                 | 2.7%          | 3.7%          | -1.0%           | -27.4%            |
| Capitated                      | 0.3%          | 0.3%          | 0.0%            | -6.0%             |
| <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                      | 33.1%         | 33.1%         | 0.0%            | -0.1%             |
| Medicare Managed Care         | 8.8%          | 6.1%          | 2.6%            | 43.0%             |
| Medi-Cal                      | 20.1%         | 18.3%         | 1.8%            | 9.9%              |
| Self Pay                      | 3.3%          | 2.9%          | 0.3%            | 11.8%             |
| Commercial & Other Government | 32.1%         | 35.8%         | -3.7%           | -10.2%            |
| Worker's Comp.                | 2.3%          | 3.5%          | -1.2%           | -34.1%            |
| Capitated                     | 0.3%          | 0.3%          | 0.0%            | -0.1%             |
| <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                                | 15.9%         | 14.7%         | 1.2%            | 8.3%              |
| Medicare Managed Care                   | 15.2%         | 12.8%         | 2.3%            | 18.0%             |
| Medi-Cal                                | 15.1%         | 17.6%         | -2.5%           | -14.3%            |
| Self Pay                                | 51.0%         | 60.0%         | -9.0%           | -15.0%            |
| Commercial & Other Government           | 39.1%         | 40.2%         | -1.1%           | -2.8%             |
| Worker's Comp.                          | 24.1%         | 25.8%         | -1.8%           | -6.9%             |
| Capitated                               | 2.1%          | 3.2%          | -1.1%           | -33.7%            |

|                               | <b>Actual</b> | <b>Budget</b> | <b>Variance</b> | <b>% Variance</b> |
|-------------------------------|---------------|---------------|-----------------|-------------------|
| Medicare                      | 15.4%         | 15.2%         | 0.2%            | 1.3%              |
| Medicare Managed Care         | 14.4%         | 12.8%         | 1.6%            | 12.3%             |
| Medi-Cal                      | 23.4%         | 21.3%         | 2.1%            | 9.9%              |
| Self Pay                      | 51.4%         | 48.8%         | 2.6%            | 5.3%              |
| Commercial & Other Government | 33.6%         | 36.4%         | -2.8%           | -7.6%             |
| Worker's Comp.                | 21.6%         | 24.3%         | -2.7%           | -11.0%            |
| Capitated                     | 2.9%          | 3.2%          | -0.4%           | -11.9%            |

**SONOMA VALLEY HOSPITAL  
OPERATING INDICATORS  
For the Period Ended January 31, 2018**

**ATTACHMENT B**

|                                     | CURRENT MONTH      |                    |  |                                   | YEAR-TO-DATE       |                    |  | YTD<br>Prior<br>Year<br>01/31/17 |
|-------------------------------------|--------------------|--------------------|--|-----------------------------------|--------------------|--------------------|--|----------------------------------|
|                                     | Actual<br>01/31/18 | Budget<br>01/31/18 | Favorable<br>(Unfavorable)<br>Variance |                                   | Actual<br>01/31/18 | Budget<br>01/31/18 | Favorable<br>(Unfavorable)<br>Variance |                                  |
| <b>Inpatient Utilization</b>        |                    |                    |  |                                   |                    |                    |  |                                  |
| <b>Discharges</b>                   |                    |                    |  |                                   |                    |                    |  |                                  |
| 1                                   | 91                 | 108                | (17)                                   | Acute                             | 542                | 631                | (89)                                   | 633                              |
| 2                                   | 20                 | 17                 | 3                                      | ICU                               | 108                | 112                | (4)                                    | 83                               |
| 3                                   | 111                | 124                | (13)                                   | Total Discharges                  | 650                | 743                | (93)                                   | 716                              |
| 4                                   | 7                  | 15                 | (8)                                    | Newborn                           | 63                 | 100                | (37)                                   | 81                               |
| 5                                   | 118                | 139                | (21)                                   | Total Discharges inc. Newborns    | 713                | 844                | (131)                                  | 797                              |
| <b>Patient Days:</b>                |                    |                    |  |                                   |                    |                    |  |                                  |
| 6                                   | 283                | 367                | (84)                                   | Acute                             | 1,711              | 2,181              | (470)                                  | 2,155                            |
| 7                                   | 111                | 102                | 9                                      | ICU                               | 595                | 691                | (96)                                   | 693                              |
| 8                                   | 394                | 469                | (75)                                   | Total Patient Days                | 2,306              | 2,872              | (566)                                  | 2,848                            |
| 9                                   | 10                 | 30                 | (20)                                   | Newborn                           | 109                | 205                | (96)                                   | 143                              |
| 10                                  | 404                | 499                | (95)                                   | Total Patient Days inc. Newborns  | 2,415              | 3,077              | (662)                                  | 2,991                            |
| <b>Average Length of Stay:</b>      |                    |                    |  |                                   |                    |                    |  |                                  |
| 11                                  | 3.1                | 3.4                | (0.3)                                  | Acute                             | 3.2                | 3.5                | (0.3)                                  | 3.4                              |
| 12                                  | 5.6                | 6.2                | (0.6)                                  | ICU                               | 5.5                | 6.2                | (0.7)                                  | 8.3                              |
| 13                                  | 3.5                | 3.8                | (0.2)                                  | Avg. Length of Stay               | 3.5                | 3.9                | (0.3)                                  | 4.0                              |
| 14                                  | 1.4                | 2.0                | (0.6)                                  | Newborn ALOS                      | 1.7                | 2.0                | 0.3                                    | 1.8                              |
| <b>Average Daily Census:</b>        |                    |                    |  |                                   |                    |                    |  |                                  |
| 15                                  | 9.1                | 11.8               | (2.7)                                  | Acute                             | 8.0                | 10.1               | (2.2)                                  | 10.0                             |
| 16                                  | 3.6                | 3.3                | 0.3                                    | ICU                               | 2.8                | 3.2                | (0.4)                                  | 3.2                              |
| 17                                  | 12.7               | 15.1               | (2.4)                                  | Avg. Daily Census                 | 10.7               | 13.4               | (2.6)                                  | 13.2                             |
| 18                                  | 0.3                | 1.0                | (0.6)                                  | Newborn                           | 0.51               | 0.95               | (0.4)                                  | 0.67                             |
| <b>Long Term Care:</b>              |                    |                    |  |                                   |                    |                    |  |                                  |
| 19                                  | 646                | 592                | 54                                     | SNF Patient Days                  | 3,808              | 3,845              | (37)                                   | 3,845                            |
| 20                                  | 39                 | 26                 | 13                                     | SNF Discharges                    | 205                | 169                | 36                                     | 217                              |
| 21                                  | 20.8               | 19.1               | 1.7                                    | Average Daily Census              | 17.7               | 17.9               | (0.2)                                  | 17.9                             |
| <b>Other Utilization Statistics</b> |                    |                    |  |                                   |                    |                    |  |                                  |
| <b>Emergency Room Statistics</b>    |                    |                    |  |                                   |                    |                    |  |                                  |
| 22                                  | 996                | 1,000              | (4)                                    | Total ER Visits                   | 6,293              | 6,399              | (106)                                  | 6,399                            |
| <b>Outpatient Statistics:</b>       |                    |                    |  |                                   |                    |                    |  |                                  |
| 23                                  | 4,617              | 4,472              | 145                                    | Total Outpatients Visits          | 30,914             | 32,413             | (1,499)                                | 32,100                           |
| 24                                  | 32                 | 27                 | 5                                      | IP Surgeries                      | 197                | 230                | (33)                                   | 265                              |
| 25                                  | 109                | 109                | -                                      | OP Surgeries                      | 892                | 698                | 194                                    | 654                              |
| 26                                  | 65                 | 26                 | 39                                     | Special Procedures                | 453                | 214                | 239                                    | 298                              |
| 27                                  | 801                | 895                | (94)                                   | Home Health Visits                | 5,472              | 6,544              | (1,072)                                | 6,506                            |
| 28                                  | 379                | 373                | 6                                      | Adjusted Discharges               | 2,329              | 2,329              | 0                                      | 2,400                            |
| 29                                  | 2,629              | 2,630              | (1)                                    | Adjusted Patient Days (Inc. SNF)  | 16,653             | 17,152             | (500)                                  | 17,192                           |
| 30                                  | 84.8               | 84.8               | (0.0)                                  | Adj. Avg. Daily Census (Inc. SNF) | 77.5               | 79.8               | (2.3)                                  | 80.0                             |
| 31                                  | 1.5036             | 1.4000             | 0.104                                  | Case Mix Index -Medicare          | 1.5533             | 1.4000             | 0.153                                  | 1.6906                           |
| 32                                  | 1.4986             | 1.4000             | 0.099                                  | Case Mix Index - All payers       | 1.4962             | 1.4000             | 0.096                                  | 1.5651                           |
| <b>Labor Statistics</b>             |                    |                    |  |                                   |                    |                    |  |                                  |
| 33                                  | 276                | 290                | 14.6                                   | FTE's - Worked                    | 276                | 284                | 8.1                                    | 278                              |
| 34                                  | 312                | 332                | 20.1                                   | FTE's - Paid                      | 314                | 325                | 10.9                                   | 317                              |
| 35                                  | 43.25              | 42.46              | (0.80)                                 | Average Hourly Rate               | 42.41              | 41.99              | (0.42)                                 | 39.84                            |
| 36                                  | 21.0               | 22.3               | 1.3                                    | Manhours / Adj. Pat Day           | 23.1               | 23.2               | 0.1                                    | 22.6                             |
| 37                                  | 145.4              | 157.3              | 11.9                                   | Manhours / Adj. Discharge         | 165.3              | 171.0              | 5.8                                    | 162.0                            |
| 38                                  | 21.7%              | 21.4%              | -0.3%                                  | Benefits % of Salaries            | 22.5%              | 22.2%              | -0.3%                                  | 23.1%                            |
| <b>Non-Labor Statistics</b>         |                    |                    |  |                                   |                    |                    |  |                                  |
| 39                                  | 12.9%              | 10.0%              | -2.9%                                  | Supply Expense % Net Revenue      | 12.0%              | 10.5%              | -1.5%                                  | 12.3%                            |
| 40                                  | 1,666              | 1,345              | (321)                                  | Supply Exp. / Adj. Discharge      | 1,688              | 1,533              | (155)                                  | 1,637                            |
| 41                                  | 14,558             | 14,821             | 263                                    | Total Expense / Adj. Discharge    | 16,315             | 16,301             | (14)                                   | 15,143                           |
| <b>Other Indicators</b>             |                    |                    |  |                                   |                    |                    |  |                                  |
| 42                                  | 23.5               |                    |  | Days Cash - Operating Funds       |                    |                    |  |                                  |
| 43                                  | 51.2               | 50.0               | 1.2                                    | Days in Net AR                    | 47.0               | 50.0               | (3.0)                                  | 51.2                             |
| 44                                  | 108%               |                    |  | Collections % of Net Revenue      | 103%               |                    |  | 104.3%                           |
| 45                                  | 45.3               | 55.0               | (9.7)                                  | Days in Accounts Payable          | 45.3               | 55.0               | (9.7)                                  | 13.9                             |
| 46                                  | 20.1%              | 21.4%              | -1.3%                                  | % Net revenue to Gross revenue    | 21.2%              | 21.4%              | -0.3%                                  | 21.2%                            |
| 47                                  | 21.6%              |                    |  | % Net AR to Gross AR              | 21.6%              |                    |  | 22.4%                            |

**Sonoma Valley Health Care District**  
**Balance Sheet**  
**As of January 31, 2018**

**ATTACHMENT C**

|  | <u>Current Month</u>        | <u>Prior Month</u>          | <u>Prior Year</u>           |
|--|-----------------------------|-----------------------------|-----------------------------|
| <b>Assets</b>                          |                             |                             |                             |
| Current Assets:                        |                             |                             |                             |
| 1 Cash                                 | \$ 2,993,592                | \$ 2,026,449                | \$ 3,224,109                |
| 2 Trustee Funds                        | 3,718,674                   | 2,109,656                   | 1,691,454                   |
| 3 Net Patient Receivables              | 8,921,743                   | 8,615,759                   | 8,118,058                   |
| 4 Allow Uncollect Accts                | (1,290,889)                 | (1,287,179)                 | (1,202,373)                 |
| 5 Net A/R                              | 7,630,854                   | 7,328,580                   | 6,915,685                   |
| 6 Other Accts/Notes Rec                | 2,282,090                   | 5,238,473                   | 4,687,699                   |
| 7 3rd Party Receivables, Net           | 542,175                     | 1,081,279                   | 1,750,015                   |
| 8 Inventory                            | 839,552                     | 833,528                     | 821,117                     |
| 9 Prepaid Expenses                     | 917,891                     | 775,572                     | 839,826                     |
| 10 Total Current Assets                | <u>\$ 18,924,828</u>        | <u>\$ 19,393,537</u>        | <u>\$ 19,929,905</u>        |
| 12 Property, Plant & Equip, Net        | \$ 52,456,786               | \$ 52,080,214               | \$ 53,542,041               |
| 13 Specific Funds/ Money Market        | 819,334                     | 919,250                     | 326,047                     |
| 14 Other Assets                        | -                           | -                           | -                           |
| 15 Total Assets                        | <u><u>\$ 72,200,948</u></u> | <u><u>\$ 72,393,001</u></u> | <u><u>\$ 73,797,993</u></u> |
| <b>Liabilities &amp; Fund Balances</b> |                             |                             |                             |
| Current Liabilities:                   |                             |                             |                             |
| 16 Accounts Payable                    | \$ 3,528,042                | \$ 3,811,805                | \$ 3,130,186                |
| 17 Accrued Compensation                | 4,693,869                   | 4,477,610                   | 4,559,155                   |
| 18 Interest Payable                    | 634,656                     | 528,880                     | 661,595                     |
| 19 Accrued Expenses                    | 1,489,000                   | 1,489,726                   | 1,404,470                   |
| 20 Advances From 3rd Parties           | 483,787                     | 320,549                     | 142,811                     |
| 21 Deferred Tax Revenue                | 2,836,750                   | 3,404,100                   | 2,484,543                   |
| 22 Current Maturities-LTD              | 1,265,517                   | 1,285,002                   | 1,264,928                   |
| 23 Line of Credit - Union Bank         | 6,973,734                   | 6,973,734                   | 5,923,734                   |
| 24 Other Liabilities                   | 1,386                       | 1,386                       | 1,051,386                   |
| 25 Total Current Liabilities           | <u>\$ 21,906,741</u>        | <u>\$ 22,292,792</u>        | <u>\$ 20,622,808</u>        |
| 26 Long Term Debt, net current portion | \$ 35,164,827               | \$ 35,096,302               | \$ 37,802,700               |
| Fund Balances:                         |                             |                             |                             |
| 28 Unrestricted                        | \$ 10,992,380               | \$ 11,026,005               | \$ 12,078,136               |
| 29 Restricted                          | 4,137,000                   | 3,977,902                   | 3,294,350                   |
| 30 Total Fund Balances                 | <u>\$ 15,129,380</u>        | <u>\$ 15,003,907</u>        | <u>\$ 15,372,485</u>        |
| 31 Total Liabilities & Fund Balances   | <u><u>\$ 72,200,948</u></u> | <u><u>\$ 72,393,001</u></u> | <u><u>\$ 73,797,993</u></u> |

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
Comparative Results  
For the Period Ended January 31, 2018**

|                                    | Month           |                 |             |       |   | Year-To-Date     |                  |             |      | YTD              |            |  |  |  |  |
|------------------------------------|-----------------|-----------------|-------------|-------|---|------------------|------------------|-------------|------|------------------|------------|--|--|--|--|
|                                    | This Year       |                 | Variance    |       |   | This Year        |                  | Variance    |      |                  | Prior Year |  |  |  |  |
|                                    | Actual          | Budget          | \$          | %     |   | Actual           | Budget           | \$          | %    |                  |            |  |  |  |  |
| <b>Volume Information</b>          |                 |                 |             |       |   |                  |                  |             |      |                  |            |  |  |  |  |
| 1                                  | 111             | 124             | (13)        | -10%  | Acute Discharges                            | 650              | 743              | (93)        | -13% | 716              |            |  |  |  |  |
| 2                                  | 646             | 592             | 54          | 9%    | SNF Days                                    | 3,808            | 3,845            | (37)        | -1%  | 3,845            |            |  |  |  |  |
| 3                                  | 801             | 895             | (94)        | -11%  | Home Care Visits                            | 5,472            | 6,544            | (1,072)     | -16% | 6,506            |            |  |  |  |  |
| 4                                  | 14,741          | 13,977          | 763         | 5%    | Gross O/P Revenue (000's)                   | \$ 97,671        | \$ 96,559        | 1,112       | 1%   | \$ 92,383        |            |  |  |  |  |
| <b>Financial Results</b>           |                 |                 |             |       |   |                  |                  |             |      |                  |            |  |  |  |  |
| <b>Gross Patient Revenue</b>       |                 |                 |             |       |   |                  |                  |             |      |                  |            |  |  |  |  |
| 5                                  | \$ 7,172,538    | \$ 7,388,338    | (215,800)   | -3%   | Inpatient                                   | \$ 42,495,669    | \$ 48,268,919    | (5,773,250) | -12% | \$ 45,617,978    |            |  |  |  |  |
| 6                                  | 7,679,373       | 7,257,629       | 421,744     | 6%    | Outpatient                                  | 53,131,322       | 51,100,138       | 2,031,184   | 4%   | 47,619,716       |            |  |  |  |  |
| 7                                  | 6,770,897       | 6,432,213       | 338,684     | 5%    | Emergency                                   | 42,624,065       | 43,333,491       | (709,426)   | -2%  | 42,684,350       |            |  |  |  |  |
| 8                                  | 2,475,324       | 2,061,604       | 413,720     | 20%   | SNF   | 14,247,661       | 13,835,831       | 411,830     | 3%   | 13,326,241       |            |  |  |  |  |
| 9                                  | 296,998         | 308,152         | (11,154)    | -4%   | Home Care                                   | 1,994,389        | 2,249,869        | (255,480)   | -11% | 2,284,870        |            |  |  |  |  |
| 10                                 | \$ 24,395,130   | \$ 23,447,936   | 947,194     | 4%    | <b>Total Gross Patient Revenue</b>          | \$ 154,493,106   | \$ 158,788,248   | (4,295,142) | -3%  | \$ 151,533,155   |            |  |  |  |  |
| <b>Deductions from Revenue</b>     |                 |                 |             |       |   |                  |                  |             |      |                  |            |  |  |  |  |
| 11                                 | \$ (19,416,434) | \$ (18,752,951) | (663,483)   | -4%   | Contractual Discounts                       | \$ (124,038,963) | \$ (127,033,775) | 2,994,812   | 2%   | \$ (121,367,154) |            |  |  |  |  |
| 12                                 | (200,000)       | (100,000)       | (100,000)   | -100% | Bad Debt                                    | (953,000)        | (700,000)        | (253,000)   | -36% | (840,000)        |            |  |  |  |  |
| 13                                 | (26,138)        | (22,607)        | (3,531)     | -16%  | Charity Care Provision                      | (115,747)        | (158,249)        | 42,502      | 27%  | (180,093)        |            |  |  |  |  |
| 14                                 | 62,500          | 313,272         | (250,772)   | -80%  | Prior Period Adj/Government Program Revenue | 2,419,443        | 2,192,904        | 226,539     | *    | 1,969,626        |            |  |  |  |  |
| 15                                 | \$ (19,580,072) | \$ (18,562,286) | (1,017,786) | 5%    | <b>Total Deductions from Revenue</b>        | \$ (122,688,267) | \$ (125,699,120) | 3,010,853   | -2%  | \$ (120,417,621) |            |  |  |  |  |
| <b>Net Patient Service Revenue</b> |                 |                 |             |       |   |                  |                  |             |      |                  |            |  |  |  |  |
| 16                                 | \$ 4,815,058    | \$ 4,885,650    | (70,592)    | -1%   | Risk contract revenue                       | \$ 866,697       | \$ 899,647       | (32,950)    | -4%  | \$ 910,789       |            |  |  |  |  |
| 17                                 | \$ 93,640       | \$ 128,521      | (34,881)    | -27%  | Net Hospital Revenue                        | \$ 32,671,536    | \$ 33,988,775    | (1,317,239) | -4%  | \$ 32,026,323    |            |  |  |  |  |
| 18                                 | \$ 4,908,698    | \$ 5,014,171    | (105,473)   | -2%   | Other Op Rev & Electronic Health Records    | \$ 116,097       | \$ 131,761       | (15,664)    | -12% | \$ 254,604       |            |  |  |  |  |
| 19                                 | \$ 15,718       | \$ 18,823       | (3,105)     | -16%  | <b>Total Operating Revenue</b>              | \$ 32,787,633    | \$ 34,120,536    | (1,332,903) | -4%  | \$ 32,280,927    |            |  |  |  |  |
| 20                                 | \$ 4,924,416    | \$ 5,032,994    | (108,578)   | -2%   | <b>Operating Expenses</b>                   |                  |                  |             |      |                  |            |  |  |  |  |
| 21                                 | \$ 2,384,000    | \$ 2,490,811    | 106,811     | 4%    | Salary and Wages and Agency Fees            | \$ 16,329,282    | \$ 16,727,658    | 398,376     | 2%   | \$ 15,481,908    |            |  |  |  |  |
| 22                                 | 918,367         | 913,220         | (5,147)     | -1%   | Employee Benefits                           | 6,168,507        | 6,269,299        | 100,792     | 2%   | 6,169,073        |            |  |  |  |  |
| 23                                 | \$ 3,302,367    | \$ 3,404,031    | 101,664     | 3%    | Total People Cost                           | \$ 22,497,789    | \$ 22,996,957    | 499,168     | 2%   | \$ 21,650,981    |            |  |  |  |  |
| 24                                 | \$ 417,209      | \$ 409,331      | (7,878)     | -2%   | Med and Prof Fees (excl Agency)             | \$ 2,886,031     | \$ 2,865,970     | (20,061)    | -1%  | \$ 2,704,882     |            |  |  |  |  |
| 25                                 | 631,672         | 501,682         | (129,990)   | -26%  | Supplies                                    | 3,931,050        | 3,569,561        | (361,489)   | -10% | 3,927,235        |            |  |  |  |  |
| 26                                 | 444,728         | 376,471         | (68,257)    | -18%  | Purchased Services                          | 2,639,138        | 2,634,935        | (4,203)     | 0%   | 2,167,843        |            |  |  |  |  |
| 27                                 | 286,148         | 282,312         | (3,836)     | -1%   | Depreciation                                | 1,996,225        | 1,976,184        | (20,041)    | -1%  | 1,959,104        |            |  |  |  |  |
| 28                                 | 82,295          | 101,622         | 19,327      | 19%   | Utilities                                   | 737,281          | 711,354          | (25,927)    | -4%  | 706,407          |            |  |  |  |  |
| 29                                 | 31,819          | 27,614          | (4,205)     | -15%  | Insurance                                   | 222,733          | 193,298          | (29,435)    | -15% | 205,044          |            |  |  |  |  |
| 30                                 | 46,844          | 43,862          | (2,982)     | -7%   | Interest                                    | 335,175          | 318,647          | (16,528)    | -5%  | 279,710          |            |  |  |  |  |
| 31                                 | 114,389         | 133,927         | 19,538      | 15%   | Other                                       | 839,470          | 969,681          | 130,211     | 13%  | 938,288          |            |  |  |  |  |
| 32                                 | -               | 86,433          | 86,433      | *     | Matching Fees (Government Programs)         | 775,755          | 605,031          | (170,724)   | -28% | 747,361          |            |  |  |  |  |
| 33                                 | \$ 5,357,471    | \$ 5,367,285    | 9,814       | 0%    | <b>Operating expenses</b>                   | \$ 36,860,647    | \$ 36,841,618    | (19,029)    | 0%   | \$ 35,286,855    |            |  |  |  |  |
| 34                                 | \$ (433,055)    | \$ (334,291)    | (98,764)    | -30%  | <b>Operating Margin</b>                     | \$ (4,073,014)   | \$ (2,721,082)   | (1,351,932) | -50% | \$ (3,005,928)   |            |  |  |  |  |

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
Comparative Results  
For the Period Ended January 31, 2018**

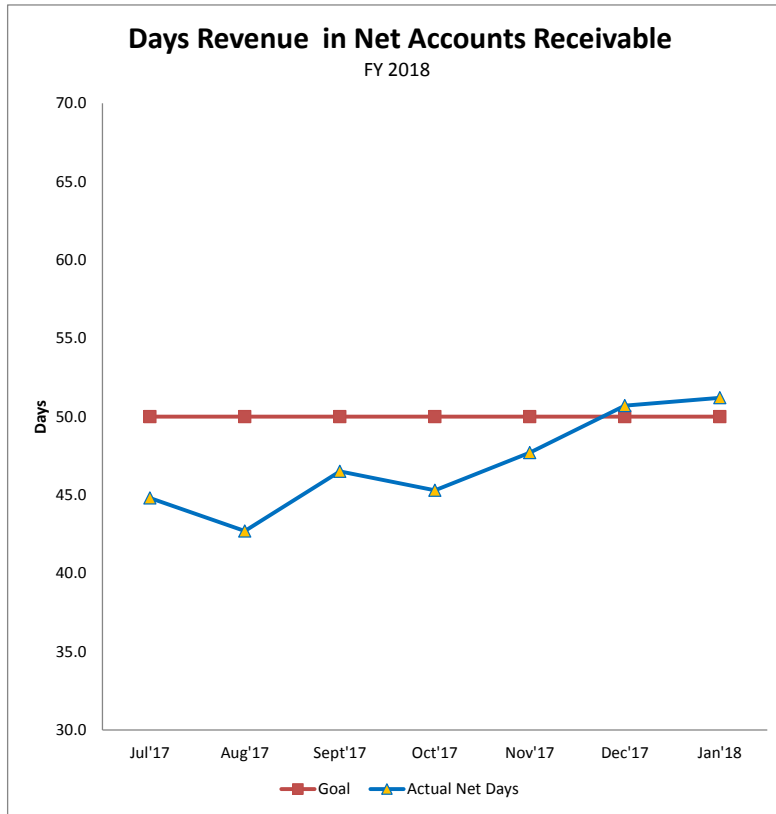
|           | Month               |                    |                 |             |  | Year-To-Date          |                     |                    |              | YTD                   |            |
|-----------|---------------------|--------------------|-----------------|-------------|--|-----------------------|---------------------|--------------------|--------------|-----------------------|------------|
|           | This Year           |                    | Variance        |             |  | This Year             |                     | Variance           |              |                       | Prior Year |
|           | Actual              | Budget             | \$              | %           |  | Actual                | Budget              | \$                 | %            |                       |            |
| <b>35</b> | \$ (6,213)          | \$ (13,222)        | 7,009           | -53%        |  |                       |                     |                    |              | \$ (78,993)           |            |
| <b>36</b> | 835                 | -                  | 835             | 0%          |  |                       |                     |                    |              | 70,855                |            |
| <b>37</b> | (56,766)            | (54,683)           | (2,083)         | 4%          |  |                       |                     |                    |              | (262,500)             |            |
| <b>38</b> | 316,667             | 316,667            | -               | 0%          |  |                       |                     |                    |              | 1,750,378             |            |
| <b>39</b> | 0                   | 0                  | -               | 0%          |  |                       |                     |                    |              |                       |            |
| <b>40</b> | <u>\$ 254,523</u>   | <u>\$ 248,762</u>  | <u>5,761</u>    | <u>2%</u>   |  |                       |                     |                    |              | <u>\$ 1,479,740</u>   |            |
| <b>41</b> | <u>\$ (178,532)</u> | <u>\$ (85,529)</u> | <u>(93,003)</u> | <u>109%</u> | <b>Net Income / (Loss) prior to Restricted Contributions</b> | <u>\$ (2,279,012)</u> | <u>\$ (978,946)</u> | <u>(1,273,191)</u> | <u>130%</u>  | <u>\$ (1,526,188)</u> |            |
| <b>42</b> | \$ 21,580           | \$ 18,828          | 2,752           | 15%         | Capital Campaign Contribution                                | \$ 108,081            | \$ 105,328          | 2,753              | 3%           | \$ 99,679             |            |
| <b>43</b> | \$ 137,518          | \$ -               | 137,518         | 0%          | Restricted Foundation Contributions                          | \$ 149,785            | \$ -                | 149,785            | 100%         | \$ -                  |            |
| <b>44</b> | <u>\$ (19,434)</u>  | <u>\$ (66,701)</u> | <u>47,267</u>   | <u>-71%</u> | <b>Net Income / (Loss) w/ Restricted Contributions</b>       | <u>\$ (2,021,146)</u> | <u>\$ (873,618)</u> | <u>(1,147,528)</u> | <u>131%</u>  | <u>\$ (1,426,509)</u> |            |
| <b>45</b> | 250,683             | 250,683            | -               | 0%          | GO Bond Tax Assessment Rev                                   | 1,754,781             | 1,754,781           | -                  | 0%           | 1,728,363             |            |
| <b>46</b> | (105,776)           | (105,776)          | -               | 0%          | GO Bond Interest   | (744,922)             | (744,922)           | -                  | 0%           | (787,505)             |            |
| <b>47</b> | <u>\$ 125,473</u>   | <u>\$ 78,206</u>   | <u>47,267</u>   | <u>60%</u>  | <b>Net Income/(Loss) w GO Bond Activity</b>                  | <u>\$ (1,011,287)</u> | <u>\$ 136,241</u>   | <u>(1,147,528)</u> | <u>-842%</u> | <u>\$ (485,651)</u>   |            |
|           | \$ 154,460          | \$ 240,645         |                 |             | <b>EBIDA - Not including Restricted Contributions</b>        | \$ 52,388             | \$ 1,315,885        |                    |              | \$ 712,626            |            |
|           | 3.1%                | 4.8%               |                 |             |  | 0.2%                  | 3.9%                |                    |              | 2.2%                  |            |
|           | \$ 107,616          | \$ 196,783         |                 |             | <b>EBDA - Not including Restricted Contributions</b>         | \$ (282,787)          | \$ 997,238          |                    |              |                       |            |
|           | 2.2%                | 3.9%               |                 |             |  | -0.9%                 | 2.9%                |                    |              |                       |            |

**Sonoma Valley Health Care District**  
**Statement of Revenue and Expenses Variance Analysis**  
**For the Period Ended January 31, 2018**

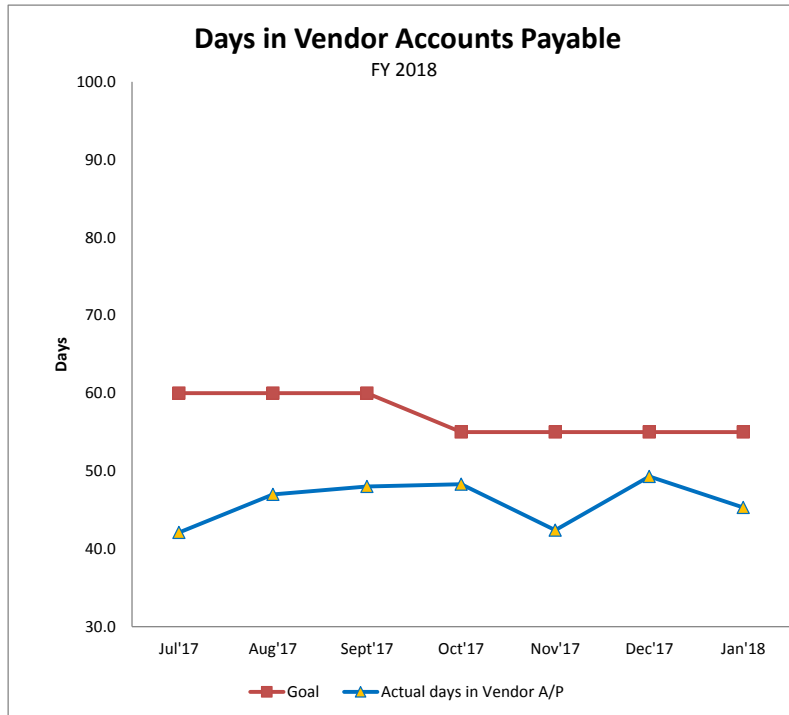
|  | YTD                | MONTH              |  |
|--|--------------------|--------------------|--|
| Description                                    | Variance           | Variance           |  |
| <b>Volume Information</b>                      |                    |                    |  |
| 1 Acute Discharges                             | (93)               | (13)               |  |
| 2 SNF Days                                     | (37)               | 54                 |  |
| 3 Home Care Visits                             | (1,072)            | (94)               |  |
| 4 Gross O/P Revenue (000's)                    | 1,112              | 763                |  |
| <b>Financial Results</b>                       |                    |                    |  |
| <b>Gross Patient Revenue</b>                   |                    |                    |  |
| 5 Inpatient                                    | (5,773,250)        | (215,800)          | Inpatient days are 394 days vs. budgeted expectations of 469 days and inpatient surgeries are 32 vs. budgeted expectations 27.   |
| 6 Outpatient                                   | 2,031,184          | 421,744            | Outpatient visits are 4,617 vs. budgeted expectations of 4,472 visits and outpatient surgeries are 109 vs. budgeted expectations 109.  |
| 7 Emergency                                    | (709,426)          | 338,684            | ER visits are 996 vs. budgeted visits of 1,000.  |
| 8 SNF  | 411,830            | 413,720            | SNF patient days are 646 vs. budgeted expected days of 592.  |
| 9 Home Care                                    | (255,480)          | (11,154)           | HHA visits are 801 vs. budgeted expectations of 895.   |
| 10 <b>Total Gross Patient Revenue</b>          | <b>(4,295,142)</b> | <b>947,194</b>     |  |
| <b>Deductions from Revenue</b>                 |                    |                    |  |
| 11 Contractual Discounts                       | 2,994,812          | (663,483)          |  |
| 12 Bad Debt                                    | (253,000)          | (100,000)          |  |
| 13 Charity Care Provision                      | 42,502             | (3,531)            |  |
| 14 Prior Period Adj/Government Program Revenue | 226,539            | (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>3,010,853</b>   | <b>(1,017,786)</b> |  |
| 16 <b>Net Patient Service Revenue</b>          | <b>(1,284,289)</b> | <b>(70,592)</b>    |  |
| 17 Risk contract revenue                       | (32,950)           | (34,881)           |  |
| 18 <b>Net Hospital Revenue</b>                 | <b>(1,317,239)</b> | <b>(105,473)</b>   |  |
| 19 Other Op Rev & Electronic Health Records    | (15,664)           | (3,105)            |  |
| 20 <b>Total Operating Revenue</b>              | <b>(1,332,903)</b> | <b>(108,578)</b>   |  |
| <b>Operating Expenses</b>                      |                    |                    |  |
| 21 Salary and Wages and Agency Fees            | 398,376            | 106,811            | Salaries and Wages are under budget by \$124,461 and the Agency fees are over budget by (\$17,650).  |
| 22 Employee Benefits                           | 100,792            | (5,147)            | PTO is over budget by (\$20,543) and employee benefits are under budget by \$15,396.   |
| 23 <b>Total People Cost</b>                    | <b>499,168</b>     | <b>101,664</b>     |  |
| 24 Med and Prof Fees (excl Agency)             | (20,061)           | (7,878)            | Chief Revenue Officer was moved from employee to consultant (\$17,680).  |
| 25 Supplies                                    | (361,489)          | (129,990)          | Supplies were over budget primarily in surgery due to higher than budgeted inpatient surgeries (\$34,258) for supplies and (\$48,051) for implants and in the Lab (\$40,293) due to the increase use of flu kits needed in December and January. |
| 26 Purchased Services                          | (4,203)            | (68,257)           | Purchased services are over budgeted expectations due to an additional service costs for outsourced R&M covering April 2017 to November 2017 (\$24,546) and in IT (\$31,879) due to reconciling the McKesson account.                            |
| 27 Depreciation                                | (20,041)           | (3,836)            |  |
| 28 Utilities                                   | (25,927)           | 19,327             |  |
| 29 Insurance                                   | (29,435)           | (4,205)            |  |
| 30 Interest                                    | (16,528)           | (2,982)            |  |
| 31 Other                                       | 130,211            | 19,538             |  |
| 32 Matching Fees (Government Programs)         | (170,724)          | 86,433             | No matching fees posted in January. The budgeted matching fees are spread evenly over 12 months.   |
| 33 <b>Operating expenses</b>                   | <b>(19,029)</b>    | <b>9,814</b>       |  |
| 34 <b>Operating Margin</b>                     | <b>(1,351,932)</b> | <b>(98,764)</b>    |  |
| <b>Non Operating Rev and Expense</b>           |                    |                    |  |
| 35 Miscellaneous Revenue                       | 70,166             | 7,009              |  |
| 36 Donations                                   | 23,156             | 835                | Foundation grants for employee education.  |
| 37 Physician Practice Support-Prima            | (14,581)           | (2,083)            |  |
| 38 Parcel Tax Assessment Rev                   | -                  | -                  |  |
| 39 Extraordinary Items                         | (26,875)           | -                  |  |
| 40 <b>Total Non-Operating Rev/Exp</b>          | <b>78,741</b>      | <b>5,761</b>       |  |

Sonoma Valley Health Care District  
Statement of Revenue and Expenses Variance Analysis  
For the Period Ended January 31, 2018

|   | YTD                | MONTH           |   |
|---|--------------------|-----------------|---|
| Description   | Variance           | Variance        |   |
|   |                    | -               |   |
| 41 <b>Net Income / (Loss) prior to Restricted Contributions</b> | <b>(1,273,191)</b> | <b>(93,003)</b> |   |
|   |                    | -               |   |
| 42 Capital Campaign Contribution                                | 2,753              | 2,752           |   |
| 43 Restricted Foundation Contributions                          | 149,785            | 137,518         | Foundation donations; Women's Place equipment and advertising (\$46,915), Mammography project (\$85,603), and OP Diagnostic center (\$5,000). |
| 44 <b>Net Income / (Loss) w/ Restricted Contributions</b>       | <b>(1,147,528)</b> | <b>47,267</b>   |   |
|   |                    |                 |   |
| 45 GO Bond Tax Assessment Rev                                   | -                  | -               |   |
| 46 GO Bond Interest   | -                  | -               |   |
|   |                    |                 |   |
| 47 <b>Net Income/(Loss) w GO Bond Activity</b>                  | <b>(1,147,528)</b> | <b>47,267</b>   |   |



| Days in A/R        | Jul'17 | Aug'17 | Sept'17 | Oct'17 | Nov'17 | Dec'17 | Jan'18 |
|--------------------|--------|--------|---------|--------|--------|--------|--------|
| Actual days in A/R | 44.8   | 42.7   | 46.5    | 45.3   | 47.7   | 50.7   | 51.2   |
| Goal               | 50.0   | 50.0   | 50.0    | 50.0   | 50.0   | 50.0   | 50.0   |



| Days in A/P               | Jul'17 | Aug'17 | Sept'17 | Oct'17 | Nov'17 | Dec'17 | Jan'18 |
|---------------------------|--------|--------|---------|--------|--------|--------|--------|
| Actual days in Vendor A/P | 42.1   | 47.0   | 48.0    | 48.3   | 42.4   | 49.3   | 45.3   |
| 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   |          |          |          |          |          |          |          |          |          |          |        |        |  |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------|--------|--|
|  | Jan-18   | Jan-18   | Jan-18   | Jan-18   | 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 |  |
| <b>Statistics</b>                                  |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |        |        |  |
| <b>Acute</b>                                       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |        |        |  |
| Acute Patient Days                                 | 394      | 469      | 386      | 321      | 315      | 325      | 325      | 240      | 346      | 388      | 368      | 415      | 415      | 465      | 355      |        |        |  |
| Acute Discharges (w/o Newborns)                    | 111      | 124      | 96       | 99       | 87       | 87       | 94       | 76       | 87       | 100      | 89       | 119      | 97       | 119      | 100      |        |        |  |
|  |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |        |        |  |
| SNF Days   | 646      | 592      | 563      | 468      | 624      | 479      | 500      | 528      | 458      | 559      | 512      | 572      | 607      | 592      | 500      |        |        |  |
| HHA Visits   | 801      | 895      | 798      | 630      | 871      | 789      | 713      | 870      | 940      | 966      | 934      | 849      | 922      | 877      | 919      |        |        |  |
| Emergency Room Visits                              | 996      | 1,000    | 919      | 816      | 827      | 921      | 894      | 920      | 964      | 1,069    | 921      | 941      | 851      | 1,000    | 942      |        |        |  |
| Gross Outpatient Revenue (000's)                   | \$14,741 | \$13,977 | \$14,051 | \$12,952 | \$11,864 | \$14,364 | \$15,524 | \$14,175 | \$15,454 | \$15,523 | \$13,168 | \$15,098 | \$12,189 | \$13,500 | \$12,935 |        |        |  |
| Equivalent Patient Days                            | 2,629    | 2,630    | 2,471    | 2,030    | 2,334    | 2,266    | 2,591    | 2,332    | 2,328    | 2,654    | 2,227    | 2,537    | 2,553    | 2,618    | 2,382    |        |        |  |
| Births   | 7        | 15       | 10       | 11       | 12       | 5        | 10       | 6        | 15       | 7        | 11       | 12       | 12       | 11       | 9        |        |        |  |
| Surgical Cases - Inpatient                         | 32       | 27       | 24       | 34       | 23       | 33       | 22       | 29       | 36       | 30       | 47       | 40       | 26       | 38       | 28       |        |        |  |
| Surgical Cases - Outpatient                        | 109      | 109      | 136      | 121      | 97       | 154      | 142      | 133      | 161      | 143      | 124      | 149      | 101      | 110      | 98       |        |        |  |
| Total Surgical Cases                               | 141      | 136      | 160      | 155      | 120      | 187      | 164      | 162      | 197      | 173      | 171      | 189      | 127      | 148      | 126      |        |        |  |
| Total Special Procedures                           | 65       | 26       | 59       | 73       | 52       | 75       | 77       | 52       | 66       | 58       | 44       | 36       | 41       | 28       | 40       |        |        |  |
| Medicare Case Mix Index                            | 1.50     | 1.40     | 1.57     | 1.55     | 1.49     | 1.54     | 1.57     | 1.65     | 1.66     | 1.69     | 1.64     | 1.45     | 1.52     | 1.47     | 1.59     |        |        |  |
|  |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |        |        |  |
| <b>Income Statement</b>                            |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |        |        |  |
| Net Revenue (000's)                                | \$4,909  | \$5,014  | 4,466    | 4,474    | 4,543    | 4,518    | 4,775    | 4,988    | 5,188    | 5,330    | 4,924    | 5,283    | 4,266    | \$4,528  | \$3,588  |        |        |  |
| Operating Expenses (000's)                         | \$5,357  | \$5,367  | \$5,122  | \$5,332  | \$4,872  | \$5,206  | \$5,380  | \$5,592  | \$5,250  | \$5,678  | \$5,308  | \$5,395  | \$4,803  | \$5,026  | \$4,713  |        |        |  |
| Net Income (000's)                                 | \$125    | \$78     | \$ (226) | \$ (380) | \$ 62    | \$ (230) | \$ (165) | \$ (198) | \$ 690   | \$ 16    | \$ (24)  | \$ 304   | \$ 308   | \$ (108) | \$ (600) |        |        |  |
| <b>Productivity</b>                                |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |        |        |  |
| Total Operating Expense Per Equivalent Patient Day | \$2,038  | \$2,041  | \$2,073  | \$2,627  | \$2,087  | \$2,297  | \$2,076  | \$2,398  | \$2,255  | \$2,139  | \$2,383  | \$2,127  | \$1,881  | \$1,920  | \$1,979  |        |        |  |
| Productive FTEs                                    | 276      | 290      | 255      | 316      | 246      | 289      | 279      | 271      | 278      | 291      | 285      | 294      | 294      | 280      | 253      |        |        |  |
| Non-Productive FTE's                               | 36       | 42       | 52       | 13       | 58       | 27       | 35       | 47       | 43       | 28       | 28       | 28       | 28       | 36       | 56       |        |        |  |
| Total FTEs   | 312      | 332      | 307      | 329      | 304      | 316      | 314      | 318      | 321      | 319      | 313      | 322      | 322      | 316      | 309      |        |        |  |
| FTEs per Adjusted Occupied Bed                     | 3.68     | 3.91     | 3.85     | 4.86     | 4.04     | 4.19     | 3.75     | 4.23     | 4.14     | 3.73     | 4.22     | 3.93     | 3.54     | 3.74     | 4.03     |        |        |  |
| <b>Balance Sheet</b>                               |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |        |        |  |
| Days of Expense In General Operating Cash          | 23.5     |          | 18       | 14       | 12       | 9        | 11       | 16       | 20       | 19       | 11       | 16       | 27       | 20       | 25       |        |        |  |
| Net Days of Revenue in AR                          | 51       | 50       | 51       | 48       | 45       | 47       | 43       | 45       | 45       | 44       | 47       | 44       | 46       | 50       | 51       |        |        |  |

Sonoma Valley Hospital  
Cash Forecast  
FY 2018

|  | Actual<br>July   | Actual<br>Aug      | Actual<br>Sept   | Actual<br>Oct    | Actual<br>Nov      | Actual<br>Dec    | Actual<br>Jan    | Forecast<br>Feb  | Forecast<br>Mar  | Forecast<br>Apr    | Forecast<br>May  | Forecast<br>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        | 4,401,932        | 4,409,693        | 4,706,455        | 4,322,606          | 4,357,338        | 4,351,807        | 51,357,737         |
| 2 Capitation Revenue                         | 133,404          | 128,220            | 128,530          | 131,210          | 128,781            | 122,912          | 93,640           | 93,640           | 93,640           | 93,640             | 93,640           | 93,640           | 1,334,896          |
| 3 Napa State                                 | 39,561           | 4,166              | 35,361           | 26,125           | 5,181              | 21,341           | 30,259           | 20,762           | 20,762           | 20,762             | 20,762           | 20,762           | 265,804            |
| 4 Other Operating Revenue                    | 10,971           | 25,415             | 37,380           | 30,930           | 42,863             | 35,092           | 33,639           | 18,823           | 18,823           | 18,823             | 18,823           | 18,827           | 310,408            |
| 5 Other Non-Operating Revenue                | 26,914           | 38,081             | 68,232           | 33,898           | 48,014             | 43,511           | 47,501           |                  |                  |                    |                  |                  | 306,152            |
| 6 Unrestricted Contributions                 |                  | 8,478              | 150              |                  |                    | 19,590           | 835              |                  |                  |                    |                  |                  | 29,053             |
| 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>4,607,806</b> | <b>4,542,918</b> | <b>4,839,680</b> | <b>4,455,831</b>   | <b>4,490,563</b> | <b>4,485,036</b> | <b>53,604,051</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        | 4,944,257        | 4,871,257        | 5,123,168        | 4,915,340          | 4,987,721        | 4,920,733        | 60,049,114         |
| 9 Add Capital Lease Payments                 | 52,503           | 186,389            | 69,999           | 179,596          | 109,938            | 70,502           | 45,558           | 102,526          | 102,944          | 103,364            | 103,786          | 169,180          | 1,296,285          |
| 10 Additional Liabilities                    |                  |                    |                  |                  |                    |                  |                  |                  |                  | 500,000            |                  |                  | 500,000            |
| 11 Capital Expenditures                      | 15,965           | 56,034             | 1,755            | 88,906           | 88,829             | 59,065           | 546,421          |                  |                  |                    |                  |                  | 856,975            |
| <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>5,536,236</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>62,702,375</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>(928,430)</b> | <b>(430,865)</b> | <b>(386,432)</b> | <b>(1,062,873)</b> | <b>(600,944)</b> | <b>(604,877)</b> | <b>(9,098,324)</b> |
| <b>Non-Hospital Sources</b>                  |                  |                    |                  |                  |                    |                  |                  |                  |                  |                    |                  |                  |                    |
| 12 Restricted Cash/Capital Donations         |                  | 527,977            | (727,205)        | (100,755)        | 382,167            | 417              | 551,467          | 18,828           | 18,828           | 18,828             | 18,828           | 18,828           | 728,208            |
| 13 Parcel Tax Revenue                        | 152,275          |                    | 1,500,000        |                  |                    | 482,664          | 532,571          |                  |                  | 1,267,429          |                  |                  | 3,934,939          |
| 14 Payment - South Lot                       |                  |                    |                  | (25,205)         |                    | (25,205)         |                  |                  | (24,658)         |                    |                  | (24,932)         | (100,000)          |
| 15 Other:                                    |                  |                    |                  |                  |                    |                  |                  |                  |                  |                    |                  |                  | -                  |
| 16 IGT                                       |                  |                    |                  | 1,877,696        |                    |                  |                  |                  |                  | 860,000            |                  |                  | 2,737,696          |
| 17 IGT - AB915 (Net)                         |                  |                    |                  |                  |                    |                  | 811,535          |                  |                  |                    |                  |                  | 811,535            |
| 18 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>1,895,573</b> | <b>18,828</b>    | <b>(5,830)</b>   | <b>2,146,257</b>   | <b>168,828</b>   | <b>(6,104)</b>   | <b>9,612,378</b>   |
| <b>Non-Hospital Uses of Cash</b>             |                  |                    |                  |                  |                    |                  |                  |                  |                  |                    |                  |                  |                    |
| 19 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>1,895,573</b> | <b>18,828</b>    | <b>(5,830)</b>   | <b>2,071,257</b>   | <b>168,828</b>   | <b>(6,104)</b>   | <b>8,086,623</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>967,143</b>   | <b>(412,037)</b> | <b>(392,262)</b> | <b>1,008,384</b>   | <b>(432,116)</b> | <b>(610,981)</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        | 2,993,592        | 2,581,555        | 2,189,293          | 3,197,677        | 2,765,561        |                    |
| <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>2,993,592</b> | <b>2,581,555</b> | <b>2,189,293</b> | <b>3,197,677</b>   | <b>2,765,561</b> | <b>2,154,580</b> |                    |

Sonoma Valley Hospital  
Cash Forecast  
FY 2018

ATTACHMENT H

|  | Actual<br>July - Dec | Actual<br>Jan    | Forecast<br>Feb  | Forecast<br>Mar  | Forecast<br>Apr    | Forecast<br>May  | Forecast<br>Jun  | TOTAL              |
|--|----------------------|------------------|------------------|------------------|--------------------|------------------|------------------|--------------------|
| <b>Hospital Operating Sources</b>            |                      |                  |                  |                  |                    |                  |                  |                    |
| 1 Patient Payments Collected                 | 24,807,906           | 4,401,932        | 4,409,693        | 4,706,455        | 4,322,606          | 4,357,338        | 4,351,807        | 51,357,737         |
| 2 Capitation Revenue                         | 773,056              | 93,640           | 93,640           | 93,640           | 93,640             | 93,640           | 93,640           | 1,334,896          |
| 3 Napa State                                 | 131,735              | 30,259           | 20,762           | 20,762           | 20,762             | 20,762           | 20,762           | 265,804            |
| 4 Other Operating Revenue                    | 182,650              | 33,639           | 18,823           | 18,823           | 18,823             | 18,823           | 18,827           | 310,408            |
| 5 Other Non-Operating Revenue                | 258,651              | 47,501           |                  |                  |                    |                  |                  | 306,152            |
| 6 Unrestricted Contributions                 | 28,218               | 835              |                  |                  |                    |                  |                  | 29,053             |
| 7 Line of Credit                             |                      |                  |                  |                  |                    |                  |                  | -                  |
| <b>Sub-Total Hospital Sources</b>            | <b>26,182,217</b>    | <b>4,607,806</b> | <b>4,542,918</b> | <b>4,839,680</b> | <b>4,455,831</b>   | <b>4,490,563</b> | <b>4,485,036</b> | <b>53,604,051</b>  |
| <b>Hospital Uses of Cash</b>                 |                      |                  |                  |                  |                    |                  |                  |                    |
| 8 Operating Expenses                         | 30,286,638           | 4,944,257        | 4,871,257        | 5,123,168        | 4,915,340          | 4,987,721        | 4,920,733        | 60,049,114         |
| 10 Add Capital Lease Payments                | 668,927              | 45,558           | 102,526          | 102,944          | 103,364            | 103,786          | 169,180          | 1,296,285          |
| 11 Additional Liabilities                    |                      |                  | -                | -                | 500,000            | -                | -                | 500,000            |
| 12 Capital Expenditures                      | 310,554              | 546,421          |                  |                  |                    |                  |                  | 856,975            |
| <b>Total Hospital Uses</b>                   | <b>31,266,120</b>    | <b>5,536,236</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>62,702,375</b>  |
| <b>Net Hospital Sources/Uses of Cash</b>     | <b>(5,083,903)</b>   | <b>(928,430)</b> | <b>(430,865)</b> | <b>(386,432)</b> | <b>(1,062,873)</b> | <b>(600,944)</b> | <b>(604,877)</b> | <b>(9,098,324)</b> |
| <b>Non-Hospital Sources</b>                  |                      |                  |                  |                  |                    |                  |                  |                    |
| 13 Restricted Cash/Capital Donations         | 82,601               | 551,467          | 18,828           | 18,828           | 18,828             | 18,828           | 18,828           | 728,208            |
| 14 Parcel Tax Revenue                        | 2,134,939            | 532,571          |                  |                  | 1,267,429          |                  |                  | 3,934,939          |
| 15 Payment - South Lot                       | (50,410)             |                  |                  | (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>5,394,826</b>     | <b>1,895,573</b> | <b>18,828</b>    | <b>(5,830)</b>   | <b>2,146,257</b>   | <b>168,828</b>   | <b>(6,104)</b>   | <b>9,612,378</b>   |
| <b>Non-Hospital Uses of Cash</b>             |                      |                  |                  |                  |                    |                  |                  |                    |
| 20 Matching Fees                             | 1,450,755            |                  |                  |                  | 75,000             |                  |                  | 1,525,755          |
| <b>Sub-Total Non-Hospital Uses of Cash</b>   | <b>1,450,755</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>3,944,071</b>     | <b>1,895,573</b> | <b>18,828</b>    | <b>(5,830)</b>   | <b>2,071,257</b>   | <b>168,828</b>   | <b>(6,104)</b>   | <b>8,086,623</b>   |
| <b>Net Sources/Uses</b>                      | <b>(1,139,832)</b>   | <b>967,143</b>   | <b>(412,037)</b> | <b>(392,262)</b> | <b>1,008,384</b>   | <b>(432,116)</b> | <b>(610,981)</b> |                    |
| Cash and Equivalents at beginning of period  | 3,166,281            | 2,026,449        | 2,993,592        | 2,581,555        | 2,189,293          | 3,197,677        | 2,765,561        |                    |
| <b>Cash and Equivalents at end of period</b> | <b>2,026,449</b>     | <b>2,993,592</b> | <b>2,581,555</b> | <b>2,189,293</b> | <b>3,197,677</b>   | <b>2,765,561</b> | <b>2,154,580</b> |                    |

Sonoma Valley Hospital  
 Schedule of Cash Savings from Cost Reduction Plan  
 For the month of January 2018

ATTACHMENT I

| <u>Department</u> | <u>Department</u>       | <u>Job Code</u>              | <u>Savings</u>    | <u>Notes</u>  |
|-------------------|-------------------------|------------------------------|-------------------|---|
| 7290              | Home Health             | Total department             | \$ 23,660         | Cost reduction, net                                     |
| 7721              | Respiratory Therapy     | 0000 - Management            | 727               | Cardiopulmonary Manager                                 |
| 7770              | Rehab                   | 0000 - Management            | 9,431             | Consolidation of Rehab managers (New hire in February ) |
| 8361/8750         | CareTransitions/Quality | 0000 - Management            | 2,872             | Chief of Quality  |
| 8480              | IT                      | 0000 - Management            | 10,523            | IT Manager  |
| 8510              | Accounting              | 0000 - Management            | 8,386             | Controller  |
| 8610              | Administration          | 0000 - Management            | 6,120             | CFO (.8 to .5)  |
| 8710              | Medical Staff           | 0000 - Management            | 13,807            | CMO/CMIO (To be replaced by UCSF CMO)                   |
| 9550              | Community Health        | 0000 - Management            | 3,787             | Wellness Coordinator                                    |
|                   |                         | <b>Gross Salary savings</b>  | <b>\$ 79,313</b>  |   |
|                   |                         | <b>Employer portion FICA</b> | <b>6,067</b>      |   |
|                   |                         | <b>Health Benefits</b>       | <b>16,511</b>     |   |
|                   |                         | <b>January 2018 Savings</b>  | <b>\$ 101,891</b> |   |