Revision to ASR and/or Exhibits/Attachments

Date: May 13, 2010

To: Darlene J. Bloom, Clerk of the Board of Supervisors

CC: County Executive Office

From: Dave L. Riley, Director, Health Care Agency DLR

RE: Agenda Item(s) # 32 for the 05/18/2010 Board Meeting

ASR Control #(s): 10-000319

Subject: Indigent and Trauma Care Agreements

Explanation:

The Health Care Agency requests to revise the Recommended Actions, Background Information, and Attachments to ASR 10-000319 requesting approval of the Master Agreement for Indigent and Trauma Care, and Intergovernmental Transfer Funds agreements, as highlighted below and attached.

☒ Revised Recommended Action(s)

1. Approve the Master Agreement for the Provision of Indigent and Trauma Care for the period July 1, 2009 through June 30, 2010, and authorize the Health Care Agency Director, or designee, on behalf of the Board of Supervisors, to execute the individual Agreements with participating hospitals.

2. Approve the Agreement for Intergovernmental Transfer Funds with Children's Hospital of Orange County, in the amount of $100,000 for the period ~~May 4, 2010~~ May 18, 2010 through December 31, 2010.

3. Approve the Agreement for Intergovernmental Transfer Funds with Coastal Communities Hospital Inc., a California Corporation dba Coastal Communities Hospital, a Wholly Owned Subsidiary of Integrated Healthcare Holdings Inc., in the amount of $40,000 for the period ~~May 4, 2010~~ May 18, 2010 through December 31, 2010.

4. ~~5.~~ Approve the Agreement for Intergovernmental Transfer Funds with WMC-A, Inc., dba Western Medical Center-Anaheim, a Wholly Owned Subsidiary of Integrated Healthcare Holdings, Inc., in the amount of $36,000 for the period ~~May 4, 2010~~ May 18, 2010 through December 31, 2010.

5. ~~6.~~ Approve the Agreement for Intergovernmental Transfer Funds with WMC-SA, Inc., dba Western Medical Center-Santa Ana, a Wholly Owned Subsidiary of Integrated Healthcare Holdings, Inc., in the amount of $127,000 for the period ~~May 4, 2010~~ May 18, 2010 through December 31, 2010.

6. ~~7.~~ Approve the Agreement for Intergovernmental Transfer Funds with Chapman Medical Center Inc., a California Corporation dba Chapman Medical Center, in the amount of $14,000 for the period ~~May 4, 2010~~ May 18, 2010 through December 31, 2010.

7. ~~8.~~ Approve the Agreement for Intergovernmental Transfer Funds with Fountain Valley Regional Hospital and Medical Center dba fountain Valley Regional Hospital, in the amount of $110,000 for the period ~~May 4, 2010~~ May 18, 2010 through December 31, 2010.

8. ~~4.~~ Approve the Agreement for Intergovernmental Transfer Funds with Prime Healthcare Garden Grove, LLC, dba Garden Grove Hospital and Medical Center, in the amount of $275,000 for the period ~~May 4, 2010~~ May 18, 2010 through December 31, 2010, and

Authorize the Auditor-Controller to send, via an electronic funds transfer, $702,000, for the individual Agreements set forth in items number 2 through 8 with participating hospitals, to the California Department of Health Care Services on or before May 25, 2010.

OR

9. Approve the Agreement for Intergovernmental Transfer Funds with Prime Healthcare Garden Grove, LLC, dba Garden Grove Hospital and Medical Center, in the amount of $94,682 for the period ~~May 4, 2010~~ May 18, 2010 through December 31, 2010, and

Authorize the Auditor-Controller to send, via an electronic funds transfer, $521,682, for the individual Agreements set forth in items number 2 through 7 and 9 with participating hospitals, to the California Department of Health Care Services on or before May 25, 2010.

~~9. Authorize the Health Care Agency Director, or designee, on behalf of the Board of Supervisors, to execute the individual Agreements set forth in item number 1 with participating hospitals.~~

~~10. Authorize the Auditor-Controller to send, via an electronic funds transfer, $702,000 to the California Department of Health Care Services on or before May 11, 2010.~~

☒ Make modifications to the:

☐ Subject ☒ Background Information ☐ Summary

BACKGROUND INFORMATION:

The Health Care Agency (HCA) receives state funds and fees for the purpose of reimbursing hospitals for uncompensated and emergency health care, including penalty assessments on fines relating to certain penal code violations and funding from Measure H, the Tobacco Settlement Revenue Initiative. The proposed Master Agreement for the Provision of Indigent and Trauma Care Services, and the individual Agreements with Children's Hospital of Orange County, Coastal Communities Hospital, Western Medical Center - Anaheim, Western Medical Center - Santa Ana, Chapman Medical Center, Fountain Valley Regional Hospital, and Garden Grove Hospital and Medical Center, distribute these funds as follows:

SB12/SB612 - PENALTY ASSESSMENTS

Approximately $4,212,000 will be received by the Health Care Agency during FY 2009-10 from penalty assessments on certain penal code violations, as provided for in SB 12 and SB 612 implemented in FY 1988-89. These funds are placed in the County's Emergency Medical Services Fund (EMSF). These funds must be allocated as follows: 58% for physician services, 25% for hospital services, and the remaining 17% to a County discretionary fund. The funds for physicians are disbursed to them through a separate agreement. The County discretionary funds are retained to support the HCA Emergency Medical Services Program.

Hospital funds, estimated at $1,053,878, are distributed to trauma centers serving persons living within Orange County. Each of the three trauma centers located within Orange County receives a base allocation of $125,000 (Mission Hospital and Medical Center, UCI Medical Center and Western Medical Center – Santa Ana). The remaining funds are pro-rated, based on the total number of trauma runs, among trauma centers serving Orange County residents, including Long Beach Memorial Hospital.

TOBACCO SETTLEMENT REVENUE (TSR)

The FY 2009-10 Tobacco Settlement Spending Plan includes an estimated $1,692,635 in TSR funding for hospitals. An additional $151,297 TSR funding was subsequently allocated, bringing the total available funding for hospitals to $1,843,932. The TSR funds are distributed to hospitals within Orange County that maintain basic or comprehensive emergency services or trauma centers. As required by Measure H, the Tobacco Settlement Revenue Initiative, the amount for distribution to each hospital shall be calculated based on its proportion of charity care and bad debt reported to the Office of Statewide Health Planning and Development. For FY 2009-10, this calculation is based on the four quarters of data ending September 30, 2009, which became available in January, 2010.

The allocation of Tobacco Settlement Revenue (TSR) funds also provides an opportunity to implement a provision of the state's 2005 Medi-Cal Waiver that allows the County to draw down new federal revenues and direct them to eligible local hospitals. In Orange County, there are seven hospitals eligible to receive such funds under the Waiver provision: Children's Hospital of Orange County, Coastal Communities Hospital, Western Medical Center - Anaheim, Western Medical Center - Santa Ana, Chapman Medical Center, Fountain Valley Regional Hospital, and Garden Grove Hospital and Medical Center.

The proposed Intergovernmental Transfer Agreements with these seven hospitals provide that the TSR funds otherwise due to them under the terms of the Indigent and Trauma Care Master Agreement would instead be sent to the state to be used as a one-time FY 2009-10 match to draw down federal financial participation (FFP) equal to the amount of these funds sent to the State. Additionally, the new federal stimulus package also provides an additional 11.59% match to these dollars. Under the terms of the Waiver provision, the County can direct that 75% of the total available funding (County funds plus the FFP plus the federal stimulus match) be allocated specifically to these seven hospitals. The state retains discretion as to the remaining 25%. These seven hospitals are supportive of this effort. These proposed Agreements do not have subcontracts.

Policy Option for Intergovernmental Transfers (IGTs)

The original Agenda Staff Report considered by the Board at the May 4, 2010 meeting recommended that all entities owning two or more hospitals be allowed to aggregate the TSR funds allocated to its individual hospitals to a single hospital within the ownership group that qualifies for an Intergovernmental Transfer (IGT) as permitted by the state's 2005 Medi-Cal Waiver.

A policy option that the Board may wish to consider would allow hospitals under common ownership to aggregate their TSR funding for participation in an IGT only if all hospitals in the ownership group have an existing contract with Cal Optima. This would encourage hospital systems to contract with CalOptima to serve low income patients.

If the Board wishes to approve the policy option, under which only hospital systems where all hospitals contract with CalOptima may aggregate, then Recommended Actions 1 through 7 and Recommended Action 9 should be approved, and Recommended Action 8 should not be approved.

If the Board wishes to approve the May 4th recommendation, under which all hospital systems would be allowed to aggregate funds, Recommended Actions 1 through 8 should be approved and Recommended Action 9 should not be approved.

If neither the policy option nor the May 4th recommendation is approved, the result would be that no IGT would be made for Garden Grove Hospital and Medical Center. In such an event, it would be necessary for Board to authorize the Auditor-Controller to send, via an electronic funds transfer, $427,000, for the individual Agreements set forth in items number 2 through 7 with participating hospitals, to the California Department of Health Care Services on or before May 25, 2010.

Regardless of the Option selected, the TSR funds will be immediately sent to the State upon your Board's approval of these agreements; however, the hospitals will remain obligated to maintain their current levels of service and licensure status through December 31, 2010.

We have been advised by staff of the California Medical Assistance Commission that if the Board does not take action regarding the IGTs at its May 18, 2010 meeting, the state will not be able to send the resulting funds back to the hospitals in the current fiscal year. We are further advised that as a result, the funds could then not be sent to the hospitals until the state budget is approved. Based upon past experience, nest year's state budget could be delayed until the end of August, 2010 or longer, resulting in cash flow delays of concern to the hospitals.

The allocations and the resulting amounts under the two options presented above are as follows:

Additional amounts resulting from Intergovernmental Transfers:

Hospital	May 4th Approach	Policy Option	Difference
Chapman	$ 13,337	$ 13,337	$ 0
CHOC	$ 95,262	$ 95,262	$ 0
Coastal	$ 38,105	$ 38,105	$ 0
Fountain Valley	$ 104,788	$ 104,788	$ 0
Garden Grove	$ 261,970	$ 90,195	$ (171,775)
WMC-Anaheim	$ 34,294	$ 34,294	$ 0
WMC-Santo Ana	$ 120,982	$ 120,982	$ 0
TOTAL	$ 668,738	$ 496,963	$ (171,775)

SB 1773 - PENALTY ASSESSMENTS

On December 18, 2007, your Board authorized implementation of SB 1773 adding an additional penalty assessment on certain penal code and other violations. This penalty assessment, effective February 1, 2008, is estimated to generate approximately $4,378,947 during FY 2009-10. These funds are placed in the County's Emergency Medical Services Fund (EMSF). These funds must be allocated as follows: the initial 15% towards hospital pediatric trauma and emergency care and, of the remaining amount, 58% for physician services, 25% for hospital services, and the remaining 17% to a County discretionary fund. The funds for physicians are disbursed to them through a separate agreement. The County discretionary funds are retained to support the HCA Emergency Medical Services Program.

Hospital funds are estimated at $1,587,303. The initial 15% is distributed on a pro-rated basis to trauma centers based on the number of pediatric trauma runs provided to Orange County residents during FY 2009-10. The remaining funds are pro-rated among the trauma centers based on the number of adult trauma runs provided to Orange County residents during FY 2009-10. Long Beach Memorial Medical Center is included in these distributions since this trauma center sits on the Orange County border.

The total of all funding sources for these agreements is estimated as follows:

SB 12/612 Penalty Assessment	$1,053,878
Tobacco Settlement revenue	$1,843,932
SB 1773 Penalty Assessment	$1,587,303
Master Agreement Total	$4,485,113

The hospitals expected to participate in this FY 2009-10 Indigent and Trauma Care Master Agreement are as follows. This Master Agreement does not have subcontracts.

Hospital	City Located
AHMC Anaheim Regional Medical Center	Anaheim
Anaheim General	Anaheim
Chapman Medical Center	Orange
Children's Hospital at Mission	Mission Viejo
Children's Hospital of Orange County	Orange
Coastal Communities Hospital	Santa Ana
Fountain Valley Regional Hospital and Medical Center	Fountain Valley
Garden Grove Hospital and Medical Center	Garden Grove
Hoag Memorial Hospital Presbyterian	Newport Beach
Huntington Beach Hospital and Medical Center	Huntington Beach
La Palma Intercommunity Hospital	La Palma
Long Beach Memorial Hospital	Long Beach
Los Alamitos Medical Center	Los Alamitos
Mission Hospital Regional Medical Center	Mission Viejo
Orange Coast Memorial Medical Center	Fountain Valley
Placentia-Linda Community Hospital	Placentia
Saddleback Memorial Medical Center	Laguna Hills
St. Joseph Hospital - Orange	Orange
St Jude Medical Center	Fullerton
University of California Irvine Medical Center	Orange
West Anaheim Medical Center	Anaheim
Western Medical Center - Anaheim	Anaheim
Western Medical Center - Santa Ana	Santa Ana

The Health Care Agency requests that your Board approve the Indigent and Trauma Care Agreement, and the Intergovernmental Transfer Agreements as referenced in the Recommended Actions.

☒ Revised Exhibits/Attachments (attached)

A - Master Agreement for Indigent and Trauma Care Services

Page 1, line 9: "THIS AGREEMENT (Agreement) entered into this ~~4th~~ 18th day of May 2010, which date is enumerated for purposes of reference only,…"
Page 24: Exhibit B, I. DISTRIBUTION OF TOBACCO SETTLEMENT REVENUE FUNDS

A. This Exhibit B may be amended under the following circumstances: deletion of a Contracting Hospital participant in this Agreement, addition of a new participant in this Agreement, any change in corporate ownership of a Contracting Hospital, any request of any Contracting Hospital's corporate ownership to reallocate funding among its Contracting Hospitals, the Board of Supervisors adopting a policy allowing hospitals under common ownership to aggregate their TSR funding for participation in an Intergovernmental Transfer Agreement only if all hospitals in the ownership group have an existing agreement with CalOptima, any change in HOSPITAL eligibility for funding, any change in Tobacco Settlement Revenue funds received by COUNTY or any change in a Contracting Hospital's percent of Charity Care/Other and Bad Debts reported to the Office of Statewide Health Planning and Development. In response to any of these circumstances listed herein, ADMINISTRATOR shall prepare an amended Exhibit B and HOSPITAL agrees that said amended Exhibit B shall be provided to HASC for distribution to all Contracting Hospitals.

B - Agreement for Provision of Intergovernmental Transfer Funds with Chapman Medical Center, Inc., a California Corporation dba Chapman Medical Center

Page 1 Title: ~~MAY 4, 2010~~ MAY 18, 2010 THROUGH DECEMBER 31, 2010
Page 1, line 10: "THIS AGREEMENT (Agreement) entered into this ~~4th~~ 18th day of May 2010, which date is enumerated for purposes of reference only,…"
Page 3: Allocation Period: ~~May 4, 2010~~ May 18, 2010 through December 31, 2010

C - Agreement for Provision of Intergovernmental Transfer Funds with Children's Hospital of Orange County

Page 1 Title: ~~MAY 4, 2010~~ MAY 18, 2010 THROUGH DECEMBER 31, 2010
Page 1, line 9: "THIS AGREEMENT (Agreement) entered into this ~~4th~~ 18th day of May 2010, which date is enumerated for purposes of reference only,…"
Page 3: Allocation Period: ~~May 4, 2010~~ May 18, 2010 through December 31, 2010

D - Agreement for Provision of Intergovernmental Transfer Funds with Coastal Communities Hospital Inc., a California Corporation dba Coastal Communities Hospital, a Wholly Owned Subsidiary of Integrated Healthcare Holdings Inc.

Page 1 Title: ~~MAY 4, 2010~~ MAY 18, 2010 THROUGH DECEMBER 31, 2010
Page 1, line 12: "THIS AGREEMENT (Agreement) entered into this ~~4th~~ 18th day of May 2010, which date is enumerated for purposes of reference only,…"
Page 3: Allocation Period: ~~May 4, 2010~~ May 18, 2010 through December 31, 2010

E - Agreement for Provision of Intergovernmental Transfer Funds with Fountain Valley Regional Hospital and Medical Center a California Corporation dba Fountain Valley Regional Hospital

Page 1 Title:	~~MAY 4, 2010~~ MAY 18, 2010 THROUGH DECEMBER 31, 2010
Page 1, line 11:	"THIS AGREEMENT (Agreement) entered into this ~~4th~~ 18th day of May 2010, which date is enumerated for purposes of reference only,…"
Page 3:	Allocation Period: ~~May 4, 2010~~ May 18, 2010 through December 31, 2010

F - Agreement for Provision of Intergovernmental Transfer Funds with Prime Healthcare Garden Grove, LLC, dba Garden Grove Hospital and Medical Center

Page 1 Title:	~~MAY 4, 2010~~ MAY 18, 2010 THROUGH DECEMBER 31, 2010
Page 1, line 11:	"THIS AGREEMENT (Agreement) entered into this ~~4th~~ 18th day of May 2010, which date is enumerated for purposes of reference only,…"
Page 3:	Allocation Period: ~~May 4, 2010~~ May 18, 2010 through December 31, 2010

G - Agreement for Provision of Intergovernmental Transfer Funds with WMC-A, Inc., dba Western Medical Center-Anaheim, a Wholly Owned Subsidiary of Integrated Healthcare Holdings, Inc.

Page 1 Title:	~~MAY 4, 2010~~ MAY 18, 2010 THROUGH DECEMBER 31, 2010
Page 1, line 11:	"THIS AGREEMENT (Agreement) entered into this ~~4th~~ 18th day of May 2010, which date is enumerated for purposes of reference only,…"
Page 3:	Allocation Period: ~~May 4, 2010~~ May 18, 2010 through December 31, 2010
Page 13:	XIII. RESPONSIBILITY OF COUNTY B. Pursuant to Welfare and Institutions (W&I) Code 14166.12(f), DHCS shall utilize the non-federal funds provided by COUNTY to obtain federal financial participation including Federal Medical Assistance Percentage (FMAP) and federal financial participation to the full extent permitted by law, which amount COUNTY anticipates to be ~~$70,294~~ $70,295.

H - Agreement for Provision of Intergovernmental Transfer Funds with WMC-SA, Inc., dba Western Medical Center-Santa Ana, a Wholly Owned Subsidiary of Integrated Healthcare Holdings, Inc.

Page 1 Title:	~~MAY 4, 2010~~ MAY 18, 2010 THROUGH DECEMBER 31, 2010
Page 1, line 11:	"THIS AGREEMENT (Agreement) entered into this ~~4th~~ 18th day of May 2010, which date is enumerated for purposes of reference only,…"
Page 3:	Allocation Period: ~~May 4, 2010~~ May 18, 2010 through December 31, 2010
Page 13:	XIII. RESPONSIBILITY OF COUNTY C. COUNTY shall recommend to the California Medical Assistance Commission (CMAC) responsible for negotiating Private Hospital Supplemental Funds with HOSPITAL, that HOSPITAL also receive the twenty-five percent (25%) balance of the amount deposited plus the corresponding federal financial participation plus the FMAP, anticipated to be ~~$58,500~~ $63,500. HOSPITAL understands that COUNTY may only make a recommendation regarding these funds and that final determination regarding distribution of these funds rests with CMAC.

NOTE: Attachment Q is a new attachment to ASR 10-000319 and shall replace attachments F, should Recommended Action #9 (*and not Recommended Action #8*) be approved by the Board of Supervisors.

Q - Agreement for Provision of Intergovernmental Transfer Funds with Prime Healthcare Garden Grove, LLC, dba Garden Grove Hospital and Medical Center

Changes when compared to Attachment F -

Page 3: Total Maximum Obligation: ~~$275,000~~ $94,682

Page 13: XIII. RESPONSIBILITY OF COUNTY

A. Following execution of this Agreement by the Orange County Board of Supervisors, COUNTY shall transfer ~~$275,000~~ $94,682 to the California Department of Health Care Services (DHCS) for deposit into the Private Hospital Supplemental Fund.

B. Pursuant to Welfare and Institutions (W&I) Code 14166.12(f), DHCS shall utilize the non-federal funds provided by COUNTY to obtain federal financial participation including Federal Medical Assistance Percentage (FMAP) and federal financial participation to the full extent permitted by law, which amount COUNTY anticipates to be ~~$536,970~~ $184,876.

C. COUNTY shall recommend to the California Medical Assistance Commission (CMAC) responsible for negotiating Private Hospital Supplemental Funds with HOSPITAL, that HOSPITAL also receive the twenty-five percent (25%) balance of the amount deposited plus the corresponding federal financial participation plus the FMAP, anticipated to be ~~$137,500~~ $47,431. HOSPITAL understands that COUNTY may only make a recommendation regarding these funds and that final determination regarding distribution of these funds rests with CMAC.

AGREEMENT FOR THE PROVISION OF
INDIGENT AND TRAUMA CARE
BETWEEN
COUNTY OF ORANGE
AND
«HOSPITAL_LEGAL_NAME»«DBA»
FISCAL YEAR 2009-10

THIS AGREEMENT (Agreement), entered into this 18th day of May, 2010, which date is enumerated for purposes of reference only, is by and between the County of Orange (COUNTY) and «Hospital_Legal_Name» (HOSPITAL). This Agreement shall be administered by the County of Orange Health Care Agency (ADMINISTRATOR).

WITNESSETH:

WHEREAS, California Welfare and Institutions Code, Division 9, Part 4.7, Chapter 5, provides for the California Healthcare for Indigents Program (CHIP) and COUNTY wishes to contract with HOSPITAL for provision of medically necessary care to eligible persons; and

WHEREAS, COUNTY, as provided herein, desires to reimburse hospitals which are disproportionate providers of trauma services, including pediatric trauma, and promote access to trauma care, pursuant to Health and Safety Code, Division 2.5, Section 1797.98a et seq. and Section 1797.198 et seq.; and

WHEREAS, COUNTY, as provided herein, wishes to disburse tobacco settlement revenue to hospitals pursuant to County Codified Ordinance, Article 14, Division 4, Section 1-4-250; and

WHEREAS, HOSPITAL, a general acute care facility, licensed in accordance with the requirements of the California Health Facilities Licensure Act (Health and Safety Code, Sections 1250 et seq.) and the regulations promulgated pursuant thereto, is equipped, staffed and prepared to provide medical services; and

WHEREAS, HOSPITAL is willing to provide, for and in consideration of the payments provided for under this Agreement and upon the conditions hereinafter set forth, medical services to persons covered by this Agreement; and

WHEREAS, the parties desire to provide a full statement of their respective rights and responsibilities in connection with the provision of or arrangement for medical services to persons covered by this Agreement.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

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REFERENCED CONTRACT PROVISIONS

Master Allocation Period: July 1, 2009 through June 30, 2010

HOSPITAL Allocation Period: July 1, 2009 through June 30, 2010

Notices to COUNTY and HOSPITAL:

COUNTY: Orange County Health Care Agency
Manager of Operations
Medical and Institutional Health Services Operations
405 W. 5th Street, Room 718
Santa Ana, California 92701

Orange County Health Care Agency
Deputy Agency Director
Medical & Institutional Health Services
405 W. 5th Street, Room 726
Santa Ana, CA 92701

HOSPITAL: «Hospital_Legal_Name»
«Street_»
«City_», «State_» «Zip»
Attn: «Name__Title»

HOSPITAL'S Insurance Coverages:

Coverage	Minimum Limits
Workers' Compensation	Statutory
Employer's Liability	$1,000,000
Professional Liability	$3,000,000
Comprehensive General Liability	$5,000,000

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I. ALLOCATION PERIOD

A. The allocation period of this Agreement shall commence and terminate as specified on Page 3 of this Agreement, unless otherwise sooner terminated as provided elsewhere in this Agreement; provided, however, the parties shall continue to be obligated to comply with the requirements and perform such duties specified in this Agreement. Such duties include, but are not limited to, obligations with respect to claims processing, reimbursement, confidentiality, indemnification, audits, accounting, and data reporting.

B. Any administrative duty or obligation to be performed pursuant to this Agreement on a weekend or holiday may be performed on the next regular business day.

II. ALTERATION OF TERMS

This Agreement, together with Exhibits A, and B attached hereto and incorporated herein by reference, fully expresses all understanding of COUNTY and HOSPITAL with respect to the subject matter of this Agreement, and shall constitute the total Agreement between the parties for these purposes. No addition to, or alteration of, the terms of this Agreement, whether written or verbal, shall be valid unless made in writing and formally approved and executed by both parties.

III. COMPLIANCE

A. COUNTY'S Health Care Agency (HCA) has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.

1. HOSPITAL may adopt HCA'S Compliance Program or establish its own. If HOSPITAL has established its own Compliance Program, HOSPITAL shall acknowledge existence of HCA's Compliance Program and shall provide certification to ADMINISTRATOR that HOSPITAL shall operate its own Compliance Program and shall ensure that its employees, subcontractors, interns, volunteers, and members of Board of Directors or duly authorized agent, if appropriate, ("Covered Individuals") are made aware of HOSPITAL'S Compliance Program policies and procedures.

2. If HOSPITAL elects to adopt HCA'S Compliance Program, ADMINISTRATOR shall provide HOSPITAL with a copy of the relevant HCA Policies and Procedures relating to the Office of Compliance. HOSPITAL shall ensure that Covered Individuals relative to this Agreement are made aware of these Policies and Procedures.

B. CODE OF CONDUCT – Under the direction of the HCA Office of Compliance, a Code of Conduct for adherence by all HCA employees and contract providers has been developed.

1. Within thirty (30) calendar days of award of this Agreement, HOSPITAL has the option of submitting to ADMINISTRATOR a signed acknowledgement and agreement that HOSPITAL shall comply with the "HCA Contractor Code of Conduct" specified in subparagraph B.3 below or HOSPITAL shall submit a copy of its Code of Conduct to ADMINISTRATOR for review and comparison to federal, state, and COUNTY standards by the HCA Compliance Officer.

2. If HOSPITAL elects to submit a copy of its Code of Conduct, HCA's Compliance Officer shall advise HOSPITAL of any necessary changes to Hospital's Code of Conduct to meet minimum standards and HOSPITAL shall either take necessary action to meet said standards or shall be asked to acknowledge and agree to the HCA Contractor Code of Conduct.

C. HOSPITAL shall screen all Covered Individuals employed or retained to provide services related to this Agreement to ensure that they are not designated as "Ineligible Persons," as defined hereunder. Screening shall be conducted against the General Services Administration's List of Parties Excluded from Federal Programs and the Health and Human Services / Office of Inspector General List of Excluded Individuals / Entities.

1. Ineligible Person shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

2. HOSPITAL shall screen prospective Covered Individuals prior to hire or engagement. HOSPITAL shall not hire or engage any Ineligible Person to provide services relative to this Agreement.

3. HOSPITAL shall screen all current Covered Individuals annually unless otherwise authorized in writing by ADMINISTRATOR, to ensure that they have not become Ineligible Persons.

4. Covered Individuals shall be required to disclose to HOSPITAL immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. HOSPITAL shall notify COUNTY immediately upon such disclosure.

5. In addition to screening organizations and vendor under subcontract, HOSPITAL shall also request that its subcontractors use their best efforts to verify that they are eligible to participate in all federal and State of California health programs and have not been excluded or debarred from participation in a federal or state health care programs, and to further represent to HOSPITAL that they do not have any Ineligible Person in their employ or under contract.

6. HOSPITAL acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with COUNTY in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If HOSPITAL becomes aware that a Covered Individual has become an Ineligible Person, HOSPITAL shall remove such individual from responsibility for, or involvement with, HCA business operations related to this Agreement.

D. REIMBURSEMENT STANDARDS

1. HOSPITAL shall take reasonable precaution to ensure that the coding of health care claims and billing for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and county laws and regulations. This includes compliance with federal and state health

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care program regulations and procedures or instructions otherwise communicated by regulatory agencies including the Centers for Medicare and Medicaid Services or their agents.

2. HOSPITAL shall not submit false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind.

3. HOSPITAL shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, HOSPITAL shall use only correct billing codes that accurately describe the services provided.

4. HOSPITAL shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified.

E. COMPLIANCE TRAINING – ADMINISTRATOR shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.

1. HOSPITAL shall use its best efforts to encourage completion by Covered Individuals; provided, however, that at a minimum HOSPITAL shall assign at least one (1) designated representative to complete all Compliance Trainings when offered.

2. Such training will be made available to Covered Individuals within thirty (30) calendar days of employment or engagement.

3. Such training will be made available to each Covered Individual annually.

4. Each Covered Individual attending training shall certify, in writing, attendance at compliance training. HOSPITAL shall retain the certifications. Upon written request by ADMINISTRATOR, HOSPITAL shall provide copies of the certifications.

IV. CONFIDENTIALITY

A. Each party shall use its best efforts to maintain the confidentiality of all records, including billings, claims, and any audio and/or video recordings, in accordance with all applicable state and federal codes and regulations, as they now exist or may hereafter be amended or changed.

B. Prior to providing any services pursuant to this Agreement, all members of the Board of Directors or its designee or authorized agent, employees, subcontractors, and volunteer staff or interns of HOSPITAL shall agree, in writing, with HOSPITAL to maintain the confidentiality of any and all information and records which may be obtained in the course of providing such services. The Agreement shall specify that it is effective irrespective of all subsequent resignations or terminations of HOSPITAL'S Board members or its designee or authorized agent, employees, subcontractors, and volunteers or interns.

C. However, COUNTY understands and agrees that if HOSPITAL is a public institution, HOSPITAL is subject to the provisions of the California Public Records Act. In the event HOSPITAL receives a request to produce this Agreement, or identify any term, condition, or aspect of this Agreement, HOSPITAL will contact COUNTY, within forty-eight (48) hours to advise of such request

to release this information.

V. DELEGATION, ASSIGNMENT AND SUBCONTRACTS

A. HOSPITAL may not delegate the obligations hereunder, either in whole or in part, without prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned, or delayed; provided however, obligations undertaken by HOSPITAL pursuant to this Agreement may be carried out by means of contracts, provided such contracts meet the requirements of this Agreement as they relate to the service or activity under contract, include any provisions that ADMINISTRATOR may reasonably require, and are approved in writing by ADMINISTRATOR, which approval shall not be unreasonably conditioned, withheld, or delayed. This provision shall not be applicable to service agreements usually and customarily entered into by HOSPITAL to obtain or arrange for supplies, technical support, or professional services. No contract shall terminate or alter the responsibilities of HOSPITAL to COUNTY pursuant to this Agreement. HOSPITAL may not assign the rights hereunder, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned, or delayed.

B. For HOSPITAL which are nonprofit corporations, any change from a nonprofit corporation to any other corporate structure of HOSPITAL, including a change in more than fifty percent (50%) of the composition of the Board of Directors within a two (2) month period of time, shall be deemed an assignment for purposes of this paragraph. Any attempted assignment or delegation in derogation of this paragraph shall be void. ADMINISTRATOR may disallow, from payments otherwise due HOSPITAL, amounts claimed for subcontracts not approved in accordance with this paragraph.

C. For HOSPITAL which are for-profit organizations, any change in the business structure, including but not limited to, the sale or transfer of more than ten percent (10%) of the assets or stocks of HOSPITAL, change to another corporate structure, including a change to a sole proprietorship, or a change in fifty percent (50%) or more of HOSPITAL'S directors at one time shall be deemed an assignment pursuant to this paragraph. Any attempted assignment or delegation in derogation of this paragraph shall be void.

VI. FACILITIES, PAYMENTS AND SERVICES

A. COUNTY shall compensate HOSPITAL, and HOSPITAL agrees to provide the services, staffing, facilities, any equipment and supplies, and reports in accordance with this Agreement. HOSPITAL shall use its best efforts to operate continuously throughout the allocation period of this Agreement with at least the minimum number and type of staff which meet applicable state requirements, and which are necessary for the provision of services hereunder.

B. HOSPITAL shall, at its own expense, provide and maintain the organizational and administrative capabilities required to carry out its duties and responsibilities under this Agreement and in accordance with all applicable statutes and regulations pertaining to hospital service providers.

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VII. INSPECTIONS AND AUDITS

A. ADMINISTRATOR, any authorized representative of COUNTY, any authorized representative of the State of California, the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States, or any of their authorized representatives, shall have access to any books, documents, and records, including, but not limited to, medical and patient records, of HOSPITAL which such persons deem reasonably pertinent to this Agreement, for the purpose of responding to a patient complaint or, conducting an audit, review, evaluation, or examination, or making transcripts during the periods of retention set forth in the Records Paragraph of Exhibit A to this Agreement. The above mentioned persons, may at all reasonable times, inspect or otherwise evaluate the services provided pursuant to this Agreement and the premises in which they are provided; provided, however, such inspections or evaluations shall not interfere with patient care.

1. These audits, reviews, evaluations, or examinations may include, but are not limited to, the following:
   a. Level and quality of care, including the necessity and appropriateness of the services provided.
   b. Financial records when determined necessary to protect public funds.
2. ADMINISTRATOR shall provide HOSPITAL with at least fifteen (15) calendar days prior notice of such inspection or evaluation. Unannounced inspections, evaluations, or requests for information may be made in those situations where arrangement of an appointment beforehand is not possible or inappropriate due to the nature of the inspection or evaluation.

B. HOSPITAL shall actively participate and cooperate with any person specified in subparagraph A. above in any evaluation of the services provided pursuant to this Agreement, and shall provide the above-mentioned persons adequate office space to conduct such evaluation.

C. AUDIT RESPONSE

1. Following an audit report, in the event of non-compliance with applicable laws and regulations governing funds provided, or to be provided, through this Agreement, COUNTY may terminate this Agreement or may direct HOSPITAL to immediately implement appropriate corrective action. A plan of correction shall be submitted to ADMINISTRATOR in writing within thirty (30) calendar days after receiving notice from ADMINISTRATOR.
2. If the audit reveals that money is payable from one party to the other, that is, reimbursement by HOSPITAL to COUNTY, or payment of sums due from COUNTY to HOSPITAL, said funds shall be due and payable from one party to the other within sixty (60) calendar days of receipt of the audit results. If reimbursement is due from HOSPITAL to COUNTY, and such reimbursement is not received within said sixty (60) days, COUNTY may, in addition to any other remedies, reduce any amount owed HOSPITAL by an amount not to exceed the reimbursement due COUNTY.

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VIII. INSURANCE

A. HOSPITAL warrants that it is self-insured or shall maintain in force at all times during the allocation period of this Agreement, the policy or policies of insurance covering its operations with reputable insurance companies in amounts as specified on Page 3 of this Agreement. Upon request by ADMINISTRATOR, HOSPITAL shall provide evidence of such insurance.

B. COUNTY warrants it is self-insured or maintains policies of insurance placed with reputable insurance companies licensed to do business in the State of California which insure the perils of bodily injury, medical, professional liability and property damage. Upon request by HOSPITAL, COUNTY shall provide evidence of such insurance.

IX. LICENSES AND LAWS

A. HOSPITAL, its officers, agents, employees, affiliates, and contractors shall, throughout the allocation period of this Agreement, maintain all necessary licenses, permits, approvals, accreditations, certificates, waivers and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, COUNTY, and any other applicable governmental agencies. HOSPITAL shall notify ADMINISTRATOR immediately and in writing of its inability to obtain or maintain, irrespective of the pendency of any hearings or appeals, such permits, licenses, approvals, certificates, accreditations, waivers and exemptions. Said inability shall be cause for termination of this Agreement.

B. HOSPITAL shall comply with all applicable governmental laws, regulations, or requirements as they exist now or may be hereafter amended or changed.

C. This Agreement is not intended nor shall it be construed to affect, except as expressly provided for herein, COUNTY'S or HOSPITAL'S existing rights, obligations, and responsibilities with respect to care required by or provided to indigent patients; provided, however, that each party's rights and obligations with respect to patients treated hereunder shall be limited to the rights and obligations established and agreed to hereunder.

D. HOSPITAL warrants, to the best of its knowledge, that all hospital-based physicians providing services at HOSPITAL, under this Agreement, are and will continue to be, as long as this Agreement remains in effect, the holders of currently valid licenses to practice medicine in the State of California and are members in “good standing” of the medical staff of HOSPITAL’S facility.

E. HOSPITAL warrants that it makes its best effort to fully comply with all federal and state statutes and regulations regarding the employment of aliens and others and that employees performing work under this Agreement meet the citizenship or alien status requirement set forth in federal statutes and regulations. HOSPITAL shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by federal or state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986,

8 U.S.C.
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§1324 et seq., as they currently exist and as they may be hereafter amended. HOSPITAL shall retain all such documentation for all covered employees for the period prescribed by the law.

F. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS

1. HOSPITAL agrees to furnish to ADMINISTRATOR within thirty (30) calendar days of the award of this Agreement:

a. In the case of an individual contractor, his/her name, date of birth, Social Security number, and residence address;

b. In the case of a contractor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in the contracting entity;

c. A certification that HOSPITAL has fully complied with all applicable federal and state reporting requirements regarding its employees;

d. A certification that HOSPITAL has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

2. Failure of HOSPITAL to timely submit the data or certifications required by subparagraph 1.a., 1.b., 1.c., or 1.d. above, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from COUNTY shall constitute grounds for termination of this Agreement as to the non-complying party.

3. It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, or as permitted by federal and/or state statute.

X. NONDISCRIMINATION

A. EMPLOYMENT

1. During the performance of this Agreement, HOSPITAL shall not unlawfully discriminate against any employee or applicant for employment because of his or her ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual preference, medical condition, or physical or mental disability. HOSPITAL shall warrant that the evaluation and treatment of employees and applicants for employment are free from discrimination in the areas of employment, promotion, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. There shall be posted, in conspicuous places, available to employees and applicants for employment, notices from ADMINISTRATOR and/or the United States Equal Employment Opportunity

Commission setting forth the provisions of the Equal Opportunity Clause.

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2. All solicitations or advertisements for employees placed by or on behalf of HOSPITAL and its contractors shall state that all qualified applicants will receive consideration for employment without regard to ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual preference, medical condition, or physical or mental disability. Such requirement shall be deemed fulfilled by use of the phrase "an equal opportunity employer."

3. HOSPITAL shall give written notice of its obligations under this Equal Opportunity Clause to each labor union with which HOSPITAL has a collective bargaining agreement.

4. Upon a finding of discrimination by the Equal Opportunity Commission, Department of Fair Employment and Housing, or a court of competent jurisdiction, and after exhaustion of any and all appeals, this Agreement may be canceled, terminated or suspended in whole or in part, and HOSPITAL may be declared ineligible for future contracts.

B. SERVICES, BENEFITS, AND FACILITIES - HOSPITAL shall not discriminate in the provision of services, the allocation of benefits, or in the accommodation in facilities on the basis of ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual preference, medical condition, or physical or mental disability in accordance with Title VI of the Civil Rights Act of 1964 (42, U.S.C.A. §2000d) and all other pertinent rules and regulations promulgated pursuant thereto, and as otherwise provided by state law and regulations, as all may now exist or be hereafter amended or changed.

C. PERSONS WITH DISABILITIES - HOSPITAL agrees to comply with the provisions of §504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 794 et seq., as implemented in 45 CFR 84.1 et seq.), and the Americans with Disabilities Act of 1990 (42 U.S.C.A. 12101, et seq.), pertaining to the prohibition of discrimination against qualified persons with disabilities in all programs or activities, as they exist now or may be hereafter amended together with succeeding legislation.

D. RETALIATION - Neither HOSPITAL, nor its employees or agents shall intimidate, coerce, or take adverse action against any person for the purpose of interfering with rights secured by federal or state laws, or because such person has filed a complaint, certified, assisted, or otherwise participated in an investigation, proceeding, hearing or any other activity undertaken to enforce rights secured by federal or state law.

XI. NOTICES

A. Unless otherwise specified in this Agreement, all notices, claims, correspondence, reports, and/or statements authorized or required by this Agreement, shall be effective:

1. When written and delivered personally; or
2. Three (3) days from the date sent by certified or registered mail in the United States

Postal Service, return receipt requested, postage prepaid, or first class postage prepaid, and addressed as specified on Page 3 of this Agreement; or

3. When faxed, transmission confirmed; or

4. When sent by electronic mail; or

5. When accepted by United States Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

B. Termination Notices shall be addressed as specified on Page 3 of this Agreement or as otherwise directed by ADMINISTRATOR and shall be effective when faxed, transmission confirmed, or when accepted by U.S. Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

C. Any party to this Agreement may change the address at which it wishes to receive notice by giving notice to the other party in the manner set forth above. For purposes of this Agreement, any notice to be provided by COUNTY may be given by ADMINISTRATOR.

D. HOSPITAL shall notify ADMINISTRATOR, in writing, within twenty-four (24) hours of becoming aware of any occurrence of a serious nature, which may expose COUNTY to liability. Such occurrences shall include, but not be limited to, accidents, injuries, or acts of negligence, or loss or damage to any COUNTY property in possession of HOSPITAL.

E. For purposes of this Agreement, HOSPITAL agrees that the Hospital Association of Southern California (HASC) shall act as a representative of all Contracting Hospitals for the purpose of distributing and/or coordinating any notices which shall be provided by ADMINISTRATOR and which shall be applicable to all Contracting Hospitals. In such instances, notification to HASC shall be deemed as notification to HOSPITAL.

XII. SEVERABILITY

If a court of competent jurisdiction declares any provision of this Agreement or application thereof to any party, person or circumstances to be invalid or if any provision of this Agreement contravenes any federal, state, or county statute, ordinance, or regulation, the remaining provisions of this Agreement or the application thereof shall remain valid, and the remaining provisions of this Agreement shall remain in full force and effect, and to that extent the provisions of this Agreement are severable, unless to do so would defeat an essential business purpose of this Agreement.

XIII. STATUS OF PARTIES

A. Each party is, and shall at all times be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this Agreement. Each party is entirely responsible for compensating staff and consultants employed by that party. This Agreement shall not be construed as creating the relationship of employer and employee, or principal and agent, between COUNTY and HOSPITAL or of either party's employees, agents,

consultants, or contractors. Each party assumes exclusively the responsibility for the acts of its employees, agents, consultants, or contractors as they relate to the services to be provided during the course and scope of their employment or respective contracts.

B. COUNTY shall neither have, nor exercise, any control or direction over the methods by which HOSPITAL shall perform its obligations under this Agreement. The standards of medical care and professional duties of HOSPITAL'S employees performing medical services under this Agreement shall be determined, as applicable, by HOSPITAL'S Board of Directors and the standards of care in the community in which HOSPITAL is located, and all applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of HOSPITAL.

XIV. TERM

A. This specific Agreement with HOSPITAL is only one of several agreements to which the terms of this Master Agreement applies. The term of this Master Agreement shall commence on July 1, 2009 and terminate on June 30, 2010; provided, however, that the specific term for HOSPITAL shall be as specified on Page 3 of this Agreement; and provided further that the parties shall continue to be obligated to comply with the requirements and perform the duties specified in this Agreement. Such duties include, but are not limited to, obligations with respect to reporting, indemnification, audits, and accounting.

B. Any administrative duty or obligation to be performed pursuant to this agreement on a weekend or holiday may be performed on the next regular business day.

XIV. TERMINATION

A. Neither party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment deemed resulting, directly or indirectly, from Acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or suppliers, vandalism, strikes or other work interruptions by a party's officers, agents, employees, affiliates, or contractors, or any similar cause beyond the reasonable control of any party to this Agreement. However, all parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.

B. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence of any of the following events:

1. The loss by HOSPITAL of legal capacity.
2. Cessation of services.
3. The loss of accreditation or any license required by the Licenses and Law paragraph of this Agreement.
4. The delegation or assignment by HOSPITAL of obligations hereunder to another entity without the prior written consent of COUNTY.

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C. CONTINGENT FUNDING

1. Any obligation of COUNTY under this Agreement shall be contingent upon the following:

a. The continued availability of federal, state and county funds for reimbursement of COUNTY'S expenditures, and

b. Inclusion of sufficient funding for the services hereunder in the applicable budget approved by the Board of Supervisors.

2. In the event such funding is subsequently reduced or terminated:

a. COUNTY may reduce its obligations to make payments under this Agreement upon thirty (30) calendar days prior written notice to HOSPITAL.

b. HOSPITAL may terminate this Agreement; provided, however, HOSPITAL shall give thirty (30) calendar days prior written notice to COUNTY, which notice shall be given no later than thirty (30) calendar days after notice by COUNTY of its intent to reduce funding, without any cure period, notwithstanding any other prior or subsequent provisions of this Agreement.

D. After receiving a Notice of Termination, HOSPITAL shall do the following:

1. Comply with termination instructions provided by ADMINISTRATOR in a manner that is consistent with recognized standards of quality care and prudent business practice for hospitals in the communities in which HOSPITAL is located.

2. Obtain immediate clarification from ADMINISTRATOR of any unsettled issues of contract performance during the remaining allocation period.

3. Until the date of termination, continue to provide the same level of service required by this Agreement.

4. Until the date of termination, continue to be reimbursed by COUNTY for provision of services specified herein.

5. If patients are to be transferred to another facility for services, furnish ADMINISTRATOR, upon request, all patient information and records deemed necessary by ADMINISTRATOR to effect an orderly transfer.

6. Assist ADMINISTRATOR in effecting the transfer of patients in a manner consistent with their best interests.

E. The rights and remedies of COUNTY and HOSPITAL provided in this Termination paragraph shall not be exclusive, and are in addition to any other rights and remedies provided by law or under this Agreement.

XVI. THIRD PARTY BENEFICIARY

No party hereto intends that this Agreement shall create rights hereunder in third parties including,

but not limited to, any contractors or any patients provided services hereunder.

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XVII. WAIVER OF DEFAULT OR BREACH

Waiver by either party of any default by the other party shall not be considered a waiver of any other or subsequent default. Waiver by either party of any breach by the other party of any provision of this Agreement shall not be considered a waiver of any other or subsequent breach. Waiver by the other party of any default or any breach by the other party shall not be considered a modification of the terms of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement in the County of Orange, State of California.

COUNTY OF ORANGE

BY: _____

HEALTH CARE AGENCY

DATE: _____

«Hospital_Legal_Name»

BY: _____

PRINTED NAME: _____

TITLE: _____

DATED: _____

BY: _____

PRINTED NAME: _____

TITLE: _____

DATED: _____

APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

BY: Christopher J. Miller

DATED: 4/14/10

If Hospital is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, Chief Executive Officer, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. If the Agreement is signed by one (1) authorized individual only, a copy of the corporate resolution or by-laws whereby the board of directors has empowered said authorized individual to act on its behalf by his or her signature alone is required

EXHIBIT A
TO AGREEMENT FOR THE PROVISION OF INDIGENT AND TRAUMA CARE
FISCAL YEAR 2009-10

I. DEFINITIONS

The parties agree to the following terms and definitions, and to those terms and definitions, which for convenience are set forth elsewhere in this Agreement.

A. "CHDP" means Child Health and Disability Prevention Program.

B. "CHIP" means the California Healthcare for Indigents Program.

C. "CHIP CHDP Diagnosis and Treatment Services Account" means those funds separate from CHIP Hospital Formula or CHIP County Discretionary Hospital Funds identified by COUNTY for payment to approved Child Health and Disability Prevention Program providers for outpatient and ancillary services provided to CHIP CHDP eligible clients. Such funds may not be available each Fiscal Year and ADMINISTRATOR shall notify HASC if such dollars become unavailable.

D. "CHIP County Discretionary Hospital Funds" means those CHIP Hospital funds received by COUNTY for distribution to any or all hospitals as determined by ADMINISTRATOR. Such funds may not be available each Fiscal Year and ADMINISTRATOR shall notify HASC if such dollars become unavailable.

E. "CHIP Eligible Person" means a person determined to be unable to pay for health care services and for whom payment for the services will not be made through private coverage or by any program funded in whole or in part by the federal government.

F. "CHIP Hospital Formula Funds" means those CHIP Hospital Formula funds received by COUNTY to be distributed according to the OSHPD formula supplied by the State of California. Such funds may not be available each Fiscal Year and ADMINISTRATOR shall notify HASC if such dollars become unavailable.

G. "Contracting Hospital" or "Hospital" means a hospital that has executed an Agreement for the Provision of Indigent and Trauma Care Services with COUNTY that is the same as this Agreement.

H. "County Emergency Medical Services Trauma Registry" means a standardized data collection instrument that shall include, at a minimum, the data elements outlined in the California Code of Regulations, Title 22, Chapter 7, Article 2, Section 100257.

I. "EMS" or "Emergency Medical Services" means the services utilized in responding to a medical emergency.

J. "EMSF" means the Emergency Medical Services Fund established by COUNTY in accordance with Health and Safety Code Section 1797.98a.

K. "Fiscal Year 2009-10" or "FY 2009-10" means the period commencing July 1, 2009 and ending June 30, 2010.

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L. "Inability to pay" means a financial condition that meets the written standards and policies established by HOSPITAL for charity care that shall be reported by HOSPITAL in accordance with the regulations published by the Office of Statewide Health Planning and Development.

M. "Local EMS Agency" means the Orange County Health Care Agency's Emergency Medical Services program.

N. "Medically necessary services" means medical services necessary to protect life, to prevent significant disability or to prevent serious deterioration of health.

O. "OSHPD" means the Office of Statewide Health Planning and Development.

P. "SB 1773 Funds" means additional revenues from certain fines and penalties received by COUNTY and deposited into the EMSF.

Q. "State EMS Authority" means the State Emergency Medical Services Authority.

R. "Tobacco Settlement Revenue Funds" or "TSR Funds" means those Tobacco Settlement Revenue funds received by COUNTY, pursuant to Measure H, to be distributed to hospitals to offset the cost of providing charity care.

S. "Trauma Care Fund" means a fund created in the State Treasury, pursuant to Health and Safety (H&S) Code 1797.199 *et seq.*, to provide monies for allocations to local EMS agencies, for distribution to Local EMS agency-designated trauma centers.

T. "Trauma Care Fund Allocation (EMSA)" means funds allocated to COUNTY by the State EMS Authority (EMSA), for distribution to Local EMS Agency-designated trauma centers within the Local EMS Agency's jurisdiction. Such funds may not be available each Fiscal Year and ADMINISTRATOR shall notify HASC if such dollars become unavailable.

U. "Trauma Center" means a licensed hospital, accredited by the Joint Commission on Accreditation of Healthcare Organizations, which has been designated as a Level I or II trauma center by the Local EMS Agency.

II. HOSPITAL OBLIGATIONS

A. CALIFORNIA HEALTHCARE FOR INDIGENTS PROGRAM

1. As a condition for HOSPITAL to receive CHIP Hospital Formula Funds, HOSPITAL shall:

a. Maintain for the allocation period of this Agreement at least the same number and classification of permits and designations as existed on January 1, 1990, in the following program areas:

1) Emergency Room Licensure Status, and

2) Trauma facility designation.

b. Provide data as required by the state as set forth in Exhibit B to this Agreement.

c. Assure that the funds received pursuant to this Agreement be used only for services provided to CHIP Eligible Persons.

d. Not require, as specified in Welfare and Institutions Code Sections 16942(a) and 16804.1, a fee or charge of any person before rendering medically necessary services.

e. Provide, at the time treatment is sought, individual notice of the availability of reduced cost health care and display conspicuous posted notices in emergency rooms and patient waiting rooms of the procedures for applying for reduced cost health care.

f. Waive any further collection efforts against the patient for costs claimed under this Agreement in accordance with Welfare and Institutions Code, Section 16947, as it exists now, or may hereafter be amended.

2. In the event HOSPITAL receives payment from a CHIP Eligible Person or responsible third party payor for a CHIP Eligible Person, HOSPITAL shall report payment as specified in subparagraph II.A.1.b. above of this Exhibit A to the Agreement.

3. In the event HOSPITAL does not comply with the provisions of this Agreement or produces insufficient data regarding services rendered to CHIP Eligible Persons, HOSPITAL shall remit to COUNTY, within thirty (30) calendar days of notification, a portion of the funds received through this Agreement which amount shall be determined by COUNTY in accordance with Welfare and Institutions Code, Section 16946, as it exists now or may hereafter be amended.

B. TOBACCO SETTLEMENT REVENUE (TSR)

1. As a condition for HOSPITAL to receive TSR Funds, HOSPITAL shall maintain basic or comprehensive emergency services. For the purposes of this Agreement, Children's Hospital of Orange County and Children's Hospital at Mission are deemed to meet this requirement as their emergency services are provided through a shared services agreement with St. Joseph Hospital and Mission Hospital, respectively.

2. In the event that reporting requirements are established as a condition for COUNTY to receive TSR Funds, HOSPITAL shall work in collaboration with COUNTY to address those reporting requirements. ADMINISTRATOR shall notify HASC of any such requirements.

C. EMERGENCY MEDICAL SERVICES FUND - As a condition for HOSPITAL to receive funds from the Emergency Medical Services Fund, HOSPITAL shall:

1. Be designated as a trauma center by the Local EMS Agency pursuant to Health and Safety Code, Section 1798.165.

2. Submit relevant and pertinent data as requested by the Local EMS Agency that complies with state and local EMS data requirements.

3. Long Beach Memorial Medical Center, as a COUNTY designated Orange County trauma center, shall be obligated to only those terms specified in this subparagraph II.C. of Exhibit A to the Agreement.

D. TRAUMA CARE FUND (EMSA) - As a condition for HOSPITAL to receive funds from the Trauma Care Fund (EMSA) Allocation, HOSPITAL shall:

1. Be designated as a trauma center by the Local EMS Agency pursuant to California Health & Safety Code, Section 1798.165 and comply with the requirements of the H&S Code section.

2. Be located within the Local EMS Agency's geographic boundaries.

3. Agree to remain a trauma center through June 30 of the fiscal year in which it receives funding. If the trauma center ceases to function as a trauma center, HOSPITAL shall pay back to the COUNTY a pro rata portion of the funding that has been received.

4. Submit relevant and pertinent data as requested by the Local EMS Agency that complies with state and local data requirements.

5. Demonstrate that it is appropriately submitting data to the Local EMS Agency's trauma registry.

6. Report to the Local EMS Agency how the funds were used to support trauma services.

E. SB 1773 FUNDS – As a condition for HOSPITAL to receive SB 1773 funds, HOSPITAL shall:

1. Be designated as a trauma center by the Local EMS Agency pursuant to California Health & Safety Code, Section 1798.165 and comply with the requirements of the H&S Code section.

2. Be located within the Local EMS Agency's geographic boundaries.

3. Agree to remain a trauma center and/or provide contracted pediatric trauma care and/or emergency services through June 30 of the fiscal year in which it receives funding. If the trauma center ceases to function as a trauma center, HOSPITAL shall pay back to the COUNTY a pro rata portion of the funding that has been received.

4. Submit relevant and pertinent pediatric and/or trauma care services data as requested by the Local EMS Agency that complies with state and local data requirements.

5. Demonstrate that it is appropriately submitting data to the Local EMS Agency's trauma registry.

6. Report to the Local EMS Agency how the funds were used to support trauma services.

F. Unless otherwise specified herein, in the event of audit exceptions and/or fiscal disallowances by the state and/or COUNTY for funds received by HOSPITAL for services provided in accordance with this Agreement, HOSPITAL shall remit all or part of funds received in accordance with directions provided by ADMINISTRATOR subject to all appeals as permitted by law.

G. HOSPITAL shall sign and return an executed copy of this Agreement to HASC no later than sixty (60) calendar days following receipt of the Agreement from HASC.

III. COUNTY OBLIGATIONS

A. CHIP--PAYMENTS TO HOSPITAL -- For FY 2009-10, the state did not provide CHIP funding for distribution to COUNTY Hospitals.

B. TSR FUND--PAYMENTS TO HOSPITAL

1. COUNTY shall distribute TSR Funds, to partially offset the costs of providing charity care, to qualifying Contracting Hospitals within Orange County that maintain basic or comprehensive emergency services or trauma centers. Payment of TSR Funds shall not exceed TSR Funds received and designated by COUNTY for Contracting Hospitals.

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2. Within thirty (30) calendar days of receipt from the state or upon receipt of HOSPITAL'S executed copy of this Agreement, whichever is later, COUNTY shall distribute FY 2009-10 TSR Funds to HOSPITAL proportionate to HOSPITAL'S Orange County Charity Care-Other plus Bad Debts, as reported to the California Office of Statewide Health Planning and Development (OSHPD) by HOSPITAL, to the total Charity Care-Other and Bad Debts reported by all eligible Orange County Contracting Hospitals. COUNTY shall use the latest official OSHPD data readily available to the public.

3. Payments made to HOSPITAL shall not exceed the value of care given as reported by Hospitals to OSHPD.

4. At the sole discretion of, and in accordance with the calculations made by ADMINISTRATOR, TSR Funds to HOSPITAL shall be adjusted to reflect additions to or deletions from the list of Contracting Hospitals, as specified in Exhibit C to this Agreement.

5. Upon written notification from HASC to ADMINISTRATOR regarding the acquisition of one or more Contracting Hospitals by another Contracting Hospital, ADMINISTRATOR may adjust TSR Funds to HOSPITAL to reflect said acquisition.

6. COUNTY shall not distribute TSR Funds to Long Beach Memorial Medical Center.

C. EMSF--PAYMENTS TO TRAUMA CENTERS

1. Payments shall be limited to and made from the hospital portion of the EMSF, after payment of administrative costs permitted by law.

2. COUNTY shall pay one hundred twenty-five thousand dollars ($125,000) to each Orange County-designated trauma center that is a FY 2009-10 Medical Services Initiative Program contracting hospital.

3. The balance of the FY 2009-10 EMSF, if any, shall be paid by COUNTY to each trauma center based upon the ratio of services provided by each trauma center to total services provided by all trauma centers during FY 2009-10, as reported to the County Emergency Medical Services Trauma Registry.

a. If HOSPITAL is located within the borders of Orange County, HOSPITAL shall also be required to be a FY 2009-10 Medical Services Initiative Program contracting hospital to receive these funds.

b. ADMINISTRATOR shall determine the ratio of services provided by each trauma center, and approve the amount and timing of payments due for services provided during FY 2009-10.

4. COUNTY shall add to the final distribution of EMSF any interest earned on these Funds.

D. TRAUMA CARE FUND ALLOCATION (EMSA) -- For FY 2009-10, the state EMSA did not provide funding for the Trauma Care Fund Allocation.

E. SB 1773--PAYMENTS TO TRAUMA CENTERS

1. Payments shall be limited to and made from the pediatric trauma center and hospital portions of the SB 1773 funds, after payment of administrative costs as permitted by law.

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2. The initial 15% of all SB 1773 funds collected shall be paid by COUNTY to Orange County Trauma Centers, including Long Beach Memorial Hospital, based upon the ratio of pediatric trauma runs for Orange County residents provided by each trauma center to total pediatric trauma runs provided by all trauma centers during FY 2009-10, as reported to the County Emergency Medical Services Trauma Registry.

3. The hospital allocation of FY 2009-10 SB 1773 funds, shall be paid by COUNTY to each trauma center based upon the ratio of adult trauma runs for Orange County residents provided by each trauma center to total adult trauma runs provided by all trauma centers during FY 2009-10, as reported to the County Emergency Medical Services Trauma Registry.

a. If HOSPITAL is located within the borders of Orange County, HOSPITAL shall also be required to be a FY 2009-10 Medical Services Initiative Program contracting hospital to receive these funds.

b. ADMINISTRATOR shall determine the ratio of services provided by each trauma center, and approve the amount and timing of payments due for services provided during FY 2009-10.

3. COUNTY shall add to the final distribution of SB 1773 funds any interest earned on said funds.

F. COUNTY may withhold any or all of the funds specified in Paragraphs III.A. through III.E. above, consistent with the regulations pertaining to the specific funding source, in order to recover any overpayments made of said funds to HOSPITAL in previous agreements or to recover funds due COUNTY from HOSPITAL pursuant, but not limited to, the following; provided, however, that any funds withheld shall be redistributed to Contracting Hospitals by COUNTY consistent with the regulations pertaining to the specific funding source:

1. HOSPITAL'S failure to comply with the provisions of this Agreement.

2. HOSPITAL produces insufficient data regarding services rendered to CHIP Eligible Persons.

3. HOSPITAL receives payment from a CHIP Eligible Person or responsible third-party payor for a CHIP Eligible Person.

4. HOSPITAL is found to be non-compliant with the conditions for receiving funds including, but not limited to, inability to document eligible expenditures.

5. Audit exceptions and/or fiscal disallowances by the State and/or COUNTY for funds received by HOSPITAL for services provided in accordance with this Agreement.

6. Recovery of any overpayments made in previous agreements between HOSPITAL and COUNTY for Indigent and Trauma Care Services.

G. COUNTY, at its sole discretion, shall disburse to HASC and COUNTY'S Fiscal Intermediary, within thirty (30) calendar days after receipt of an appropriate invoice, but not prior to execution of this Agreement, an amount not to exceed their actual administrative costs up to a maximum amount, as permitted by law, less that portion retained by COUNTY for its administrative fees, for staff services

performed for Contracting Hospitals in support of this Agreement. Any payment to COUNTY'S Fiscal Intermediary shall be made after payment to HASC for its administrative fees for staff services performed for Contracting Hospitals in support of this Agreement. Said payment to HASC and COUNTY'S Fiscal Intermediary shall be deducted from the Administrative Allocation retained by COUNTY from the funding sources as specified herein and as permitted by law for administrative costs as specified in subparagraph III.A.3 of this Exhibit A to this Agreement. Such support includes, but is not limited to:

1. Distribution of this Agreement to Contracting Hospitals for signature and return of signed Agreements to ADMINISTRATOR within ninety (90) calendar days of the execution of this Agreement.

2. Review of quarterly data submitted by Contracting Hospitals to HASC in accordance with Exhibit B to this Agreement. HASC shall use its best efforts to verify the accuracy of said hospital data prior to submission to COUNTY'S Fiscal Intermediary. The Fiscal Intermediary is the organization, under a separate agreement with COUNTY, contracted to, among other duties, coordinate this data and create the annual MICRS report.

IV. NEW PARTICIPANTS

It is understood by the parties that hospitals that are not currently participating in this Agreement may do so after meeting the terms of this Agreement. A hospital shall notify COUNTY, through HASC, in writing of its desire to participate, and the hospital may enter into an Agreement that is identical to this Agreement. Exhibits B and C to this Agreement shall be amended and shall be in effect upon execution of the Agreement with the new participant.

V. RECORDS

A. HOSPITAL shall maintain records that are adequate to substantiate the services for which claims are submitted for reimbursement under this Agreement and the charges thereto. Such records shall include, but not be limited to, individual patient charts and utilization review records.

B. RECORDS RETENTION

1. All records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange, for a period of seven (7) years after final payment under this Agreement.

2. Records which relate to litigation or settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by COUNTY or state or federal governments, shall be retained by HOSPITAL until disposition of such appeals, litigation, claims or exceptions is completed.

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EXHIBIT B

TO AGREEMENT FOR THE PROVISION OF INDIGENT AND TRAUMA CARE

FISCAL YEAR 2009-10

I. DISTRIBUTION OF TOBACCO SETTLEMENT REVENUE FUNDS

A. This Exhibit B may be amended under the following circumstances: deletion of a Contracting Hospital participant in this Agreement, addition of a new participant in this Agreement, any change in corporate ownership of a Contracting Hospital, any request of any Contracting Hospital's corporate ownership to reallocate funding among its Contracting Hospitals, the Board of Supervisors adopting a policy allowing hospitals under common ownership to aggregate their TSR funding for participation in an Intergovernmental Transfer Agreement only if all hospitals in the ownership group have an existing agreement with CalOptima, any change in HOSPITAL eligibility for funding, any change in Tobacco Settlement Revenue funds received by COUNTY or any change in a Contracting Hospital's percent of Charity Care/Other and Bad Debts reported to the Office of Statewide Health Planning and Development. In response to any of these circumstances listed herein, ADMINISTRATOR shall prepare an amended Exhibit B and HOSPITAL agrees that said amended Exhibit B shall be provided to HASC for distribution to all Contracting Hospitals.

Hospitals by Corporate Ownership	Charity Care Plus Bad Debt	Percent of Total	Initial TSR Allocation	Revised TSR Allocation
Anaheim General Hospital	$9,898,514	1.65%	$30,423	$30,423
AHMC				
AHMC Anaheim Regional Medical Center, L.P.	$30,416,693	5.07%	$93,485	$93,485
Children's Hospital				
Children's Hospital at Mission	$4,197,532	0.70%	$12,901	$472
Children's Hospital of Orange County	$28,492,680	4.75%	$87,571	$100,000
Subtotal Children's Hospital:	**$32,690,212**	**5.45%**	**$100,472**	**$100,472**
Hoag				
Hoag Memorial Hospital Presbyterian	$52,223,529	8.70%	$160,507	$160,507
Integrated Health Holding, Inc. (IHHI)				
Chapman Medical Center	$4,657,159	0.78%	$14,314	$14,000
Coastal Communities Hospital	$13,000,157	2.17%	$39,956	$40,000
Western Medical Center - Anaheim	$11,702,770	1.95%	$35,968	$36,000
Western Medical Center - Santa Ana	$41,330,641	6.89%	$127,028	$127,266
Subtotal IHHI:	**$70,690,727**	**11.78%**	**$217,266**	**$217,266**

	Charity Care Plus Bad Debt	Percent of Total	Initial TSR Allocation	Revised TSR Allocation
Memorial Health Systems				
Orange Coast Memorial Medical Center	$9,882,664	1.65%	$30,374	$30,374
Saddleback Memorial Medical Center	$31,846,678	5.31%	$97,880	$97,880
Subtotal Memorial:	**$41,729,342**	**6.96%**	**$128,254**	**$128,254**
Prime Healthcare				
West Anaheim Medical Center	$28,359,462	4.73%	$87,162	$1,737
Garden Grove Hospital and Medical Center	$30,806,357	5.13%	$94,682	$275,000
Huntington Beach Hospital and Medical Ctr	$20,843,673	3.47%	$64,062	$1,500
La Palma Intercommunity Hospital	$10,682,171	1.78%	$32,831	$500
Subtotal Prime Healthcare:	**$90,691,663**	**15.12%**	**$278,737**	**$278,737**
St. Joseph Health System				
Mission Hospital Regional Medical Center	$49,806,618	8.30%	$153,079	$153,079
St. Joseph Hospital - Orange	$63,658,610	10.61%	$195,652	$195,652
St. Jude Medical Center	$39,654,402	6.61%	$121,876	$121,876
Subtotal St. Joseph:	**$153,119,630**	**25.52%**	**$470,607**	**$470,607**
Tenet				
Fountain Valley Reg. Hosp. & Medical Center	$16,407,257	2.73%	$50,427	$110,000
Los Alamitos Medical Center	$13,095,343	2.18%	$40,248	$959
Placentia-Linda Community Hospital	$6,762,309	1.13%	$20,784	$500
Subtotal Tenet:	**$36,264,909**	**6.04%**	**$111,459**	**$111,459**
University of California				
University of California Irvine Med Center	$82,227,098	13.71%	$252,722	$252,722
TOTAL ALL HOSPITALS	**$599,952,317**	**100.00%**	**$1,843,932**	**$1,843,932**

B. The parties agree that information pertaining to Charity Care/Other and Bad Debts was obtained from the Office of Statewide Health Planning and Development (OSHPD), Last Four Quarters Ending September 30, 2009.

C. The parties agree that the amount of Tobacco Settlement Revenue is estimated and based on the budget approved by Orange County Board of Supervisors on June 09, 2009.

D. The parties agree that rounding corrections may be made by ADMINISTRATOR prior to distribution of funds.

E. The parties agree that corporate ownership of Contracting Hospitals may request the initial allocation of TSR Funding of any of its Contracting Hospitals to be reallocated to any or all of the corporate ownership's other Contracting Hospitals. Any such requests shall be reflected in the Revised TSR Allocation column in Paragraph A above.

F. The following Contracting Hospitals have agreed that all or a portion of their Revised TSR Allocations as specified in Paragraph A above shall be sent to the California Department of Health Care Services (CDHCS) through a separate agreement with COUNTY and that said TSR Allocation shall not be paid to these Contracting Hospitals through this Agreement. These Contracting Hospitals shall be exempt from Paragraph II.F of Exhibit A to this Agreement for their revised TSR Allocations.

1. Chapman Medical Center
2. Children's Hospital of Orange County
3. Coastal Communities Hospital
4. Fountain Valley Regional Hospital
5. Garden Grove Medical Center
6. Western Medical Center – Anaheim
7. Western Medical Center – Santa Ana

G. County may have the ability to use HOSPITALS' TSR Funding, specified in Paragraph A of this Exhibit B, as match to receive additional federal dollars through the COUNTY'S Medical Services Initiative (MSI) Program. The parties agree that HASC shall act as representative of all Contracting Hospitals for the purpose of consenting to COUNTY'S use of the TSR Funding specified herein. COUNTY shall not use the TSR Funding as match without the written consent of HASC.

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AGREEMENT FOR PROVISION OF
INTERGOVERNMENTAL TRANSFER FUNDS
BETWEEN
COUNTY OF ORANGE
AND
CHAPMAN MEDICAL CENTER INC., A CALIFORNIA CORPORATION
dba CHAPMAN MEDICAL CENTER
MAY 18, 2010 THROUGH DECEMBER 31, 2010

THIS AGREEMENT (Agreement) entered into this 18th day of May 2010, which date is enumerated for purposes of reference only, is by and between the COUNTY OF ORANGE (COUNTY) and CHAPMAN MEDICAL CENTER INC., A CALIFORNIA CORPORATION dba CHAPMAN MEDICAL CENTER (HOSPITAL). This Agreement shall be administered by the County of Orange Health Care Agency (ADMINISTRATOR).

W I T N E S S E T H:

WHEREAS, HOSPITAL, a general acute care facility, licensed in accordance with the requirements of the California Health Facilities Licensure Act (Health and Safety Code, Sections 1250 et seq.) and the regulations promulgated pursuant thereto, is equipped, staffed and prepared to provide medical services; and

WHEREAS, HOSPITAL currently contracts with the California Department of Health Care Services (DHCS) for the provision of Medi-Cal services; and

WHEREAS, HOSPITAL also meets the criteria to be eligible for payments from the Private Hospital Supplemental Fund established pursuant to Welfare and Institutions Code Section 14166.12(b); and

WHEREAS, COUNTY may transfer funds to DHCS for deposit into the Private Hospital Supplemental Fund pursuant to Section 433.51 of Title 42 of the Code of Federal Regulations and Welfare and Institutions Code Section 14166.12(e); and

WHEREAS, DHCS shall use transferred funds to obtain federal financial participation for distribution in all or part to HOSPITAL; and

WHEREAS, COUNTY is agreeable to transferring funds on behalf of HOSPITAL to DHCS; and

WHEREAS, HOSPITAL is agreeable to the rendering of such services on the terms and conditions hereinafter set forth:

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

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REFERENCED CONTRACT PROVISIONS

Allocation Period: May 18, 2010 through December 31, 2010

Total Maximum Obligation: **$14,000**

Basis for Reimbursement: Negotiated Amount
Payment Method: Intergovernmental Transfer to California Department of Health Care Services

Notices to COUNTY and CONTRACTOR:

COUNTY: County of Orange
Health Care Agency
Manager of Operations
Medical and Institutional Health Services Operations
405 West 5th Street, Room 718
Santa Ana, CA 92701-4637

HOSPITAL: Attention: Doug Norris, CEO
Chapman Medical Center Inc., A California Corporation dba Coastal Communities Hospital
2601 E. Chapman Avenue
Orange, CA 92869

HOSPITAL'S Insurance Coverages:

Coverage	Minimum Limits
Workers' Compensation	Statutory
Employer's Liability	$1,000,000
Professional Liability	$3,000,000
Comprehensive General Liability Insurance	$5,000,000

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I. ALLOCATION PERIOD

A. The allocation period of this Agreement shall commence and terminate as specified on Page 3 of this Agreement, unless otherwise sooner terminated as provided elsewhere in this Agreement; provided, however, the parties shall continue to be obligated to comply with the requirements and perform such duties specified in this Agreement. Such duties include, but are not limited to, obligations with respect to claims processing, reimbursement, confidentiality, indemnification, audits, accounting, and data reporting.

B. Any administrative duty or obligation to be performed pursuant to this Agreement on a weekend or holiday may be performed on the next regular business day.

II. ALTERATION OF TERMS

This Agreement fully expresses all understanding of COUNTY and HOSPITAL with respect to the subject matter of this Agreement, and shall constitute the total Agreement between the parties for these purposes. No addition to, or alteration of, the terms of this Agreement, whether written or verbal, shall be valid unless made in writing and formally approved and executed by both parties.

III. COMPLIANCE

A. COUNTY'S Health Care Agency (HCA) has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.

1. HOSPITAL may adopt HCA'S Compliance Program or establish its own. If HOSPITAL has established its own Compliance Program, HOSPITAL shall acknowledge existence of HCA'S Compliance Program and shall provide certification to ADMINISTRATOR that HOSPITAL shall operate its own Compliance Program and shall ensure that its employees, subcontractors, interns, volunteers, and members of Board of Directors or duly authorized agent, if appropriate, ("Covered Individuals") are made aware of HOSPITAL'S Compliance Program policies and procedures.

2. If HOSPITAL elects to adopt HCA'S Compliance Program, ADMINISTRATOR shall provide HOSPITAL with a copy of the relevant HCA Policies and Procedures relating to the Office of Compliance. HOSPITAL shall ensure that Covered Individuals relative to this Agreement are made aware of these Policies and Procedures.

B. CODE OF CONDUCT – Under the direction of the HCA Office of Compliance, a Code of Conduct for adherence by all HCA employees and contract providers has been developed.

1. Within thirty (30) calendar days of award of this Agreement, HOSPITAL has the option of submitting to ADMINISTRATOR a signed acknowledgement and agreement that HOSPITAL shall comply with the "HCA Contractor Code of Conduct" specified in subparagraph B.3 below or Hospital shall submit a copy of its Code of Conduct to ADMINISTRATOR for review and comparison to federal, state, and COUNTY standards by the HCA Compliance Officer.

2. If HOSPITAL elects to submit a copy of its Code of Conduct, HCA'S Compliance Officer shall advise HOSPITAL of any necessary changes to Hospital's Code of Conduct to meet minimum

standards and HOSPITAL shall either take necessary action to meet said standards or shall be asked to acknowledge and agree to the "HCA Contractor Code of Conduct" specified in subparagraph B.3. below.

3. HCA CONTRACTOR CODE OF CONDUCT – HOSPITAL and its employees and subcontractors shall:

a. Comply with all applicable laws, regulations, rules or guidelines when providing and billing for services specified herein.

b. Use their best efforts to conduct themselves honestly fairly, courteously and with a high degree of integrity in their professional dealings related to this Agreement and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of HOSPITAL and/or COUNTY.

c. Treat COUNTY employees, clients and other COUNTY contractors fairly and with respect.

d. NOT engage in any activity in violation of HCA'S Compliance Program, nor engage in any other conduct which violates any applicable law, regulation, rule or guideline.

e. Take precautions to ensure that claims are prepared and submitted accurately, timely and are consistent with all applicable laws, regulations, rules or guidelines.

f. Ensure that no false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind are submitted.

g. Bill only for eligible services actually rendered and fully documented and use billing codes that accurately describe the services provided.

h. Act promptly to investigate and correct problems if errors in claims or billings are discovered.

i. Promptly report to HCA'S Compliance Officer any activity that HOSPITAL believes may violate the standards of the HCA Compliance Program, or any other applicable law, regulation, rule or guideline.

j. Promptly report to HCA'S Compliance Officer any suspected violation(s) of this HCA Contractor Code of Conduct by COUNTY employees.

k. Consult with HCA'S Compliance Officer if there are any questions or uncertainties of any Compliance Program standard or any other applicable law regulation, rule or guideline.

4. Failure of HOSPITAL to timely submit the acknowledgement of the HCA Contractor Code of Conduct or its own Code of Conduct shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of such notice from ADMINISTRATOR shall constitute grounds for termination of this Agreement as to the non-complying party.

C. HOSPITAL shall screen all Covered Individuals employed or retained to provide services related to this Agreement to ensure that they are not designated as "Ineligible Persons", as defined hereunder. Screening shall be conducted against the General Services Administration's List of Parties Excluded from Federal Programs and the Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities.

1. Ineligible Person shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

2. HOSPITAL shall screen prospective Covered Individuals prior to hire or engagement. HOSPITAL shall not hire or engage any Ineligible Person to provide services relative to this Agreement.

3. HOSPITAL shall screen all current Covered Individuals semi-annually, each January and July unless otherwise authorized in writing by ADMINISTRATOR, to ensure that they have not become Ineligible Persons.

4. Covered Individuals shall be required to disclose to HOSPITAL immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. HOSPITAL shall notify COUNTY immediately upon such disclosure.

5. In addition to screening organizations and vendor under subcontract, HOSPITAL shall also request that its subcontractors warrant that they are eligible to participate in all federal and State of California health programs and have not been excluded or debarred from participation in a federal or state health care programs, and to further warrant to HOSPITAL that they do not have any Ineligible Person in their employ or under contract.

6. HOSPITAL acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with COUNTY in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If HOSPITAL becomes aware that a Covered Individual has become an Ineligible Person, HOSPITAL shall remove such individual from responsibility for, or involvement with, HCA business operations related to this Agreement.

D. REIMBURSEMENT STANDARDS

1. HOSPITAL shall take reasonable precaution to ensure that the coding of health care claims and billing for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and county laws and regulations as well as HCA'S policies and/or agreements with third party payers. This includes compliance with federal and state health care program regulations and procedures or instructions otherwise communicated by regulatory agencies including the Centers for Medicare and Medicaid Services or their agents.

2. HOSPITAL shall not submit false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind.

3. HOSPITAL shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, HOSPITAL shall use only correct billing codes that accurately describe the services provided.

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4. HOSPITAL shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified by anyone.

E. COMPLIANCE TRAINING – ADMINISTRATOR shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.

1. HOSPITAL shall use its best efforts to encourage attendance at Compliance Training by Covered Individuals.

2. Such training will be made available to Covered Individuals within thirty (30) calendar days of employment or engagement.

3. Such training will be made available to each Covered Individual annually.

4. Each Covered Individual attending training shall certify, in writing, attendance at compliance training. HOSPITAL shall retain the certifications. Upon written request by ADMINISTRATOR, HOSPITAL shall provide copies of the certifications.

IV. CONFIDENTIALITY

A. Each party shall use its best efforts to maintain the confidentiality of all records, including billings, claims, and any audio and/or video recordings, in accordance with all applicable state and federal codes and regulations, as they now exist or may hereafter be amended or changed including, but not limited to the Health Insurance Portability and Accountability Act.

B. Prior to providing any services pursuant to this Agreement, all HOSPITAL'S employees, contractors, and members of Board of Directors, or its designee or duly authorized agent(s) shall agree, in writing, with HOSPITAL to use their respective best efforts to maintain, in accordance with applicable laws and regulations, the confidentiality of any and all information and records which may be obtained in the course of providing such services. The agreement shall specify that it is effective irrespective of all subsequent resignations or terminations of HOSPITAL'S employees, contractors, and members of Board of Directors or duly authorized agent.

V. DELEGATION, ASSIGNMENT, AND SUBCONTRACTS

A. HOSPITAL may not delegate the obligations hereunder or assign its rights, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned, or delayed; provided however, obligations undertaken by HOSPITAL pursuant to this Agreement may be carried out by means of contracts, provided such contracts meet the requirements of this Agreement as they relate to the service or activity under contract, include any provisions that ADMINISTRATOR may reasonably require, and are approved in writing by ADMINISTRATOR, which approval shall not be unreasonably conditioned, withheld, or delayed. This provision shall not be applicable to service agreements usually and customarily entered into by HOSPITAL to obtain or arrange for supplies, technical support, or professional services. No contract shall terminate or alter the responsibilities of HOSPITAL to COUNTY pursuant to this Agreement.

B. HOSPITAL may not assign the rights hereunder, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably conditioned, withheld, or delayed. Any change in the control structure, including but not limited to, the sale or transfer of more than fifty percent (50%) of the assets or stock of HOSPITAL, change to another corporate structure, including a change to a sole proprietorship, or a change in fifty percent (50%) or more of HOSPITAL'S directors at one time (six-months or less) shall be deemed an assignment pursuant to this paragraph. Any attempted assignment or delegation in derogation of this subparagraph shall be void.

VI. FACILITIES, PAYMENTS AND SERVICES

COUNTY shall compensate HOSPITAL, and HOSPITAL agrees to provide the services, staffing, facilities, any equipment and supplies, and reports in accordance with this Agreement. HOSPITAL shall use its best efforts to operate continuously throughout the term of this Agreement with at least the minimum number and type of staff which meet applicable state and federal requirements, and which are necessary for the provision of the services hereunder.

VII. INDEMNIFICATION AND INSURANCE

A. HOSPITAL agrees to indemnify, defend and hold COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies for which COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands, including defense costs, or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by HOSPITAL pursuant to this Agreement. If judgment is entered against HOSPITAL and COUNTY by a court of competent jurisdiction because of the concurrent active negligence of COUNTY or COUNTY INDEMNITEES, HOSPITAL and COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

B. Without limiting HOSPITAL'S indemnification, HOSPITAL warrants that it is self-insured or shall maintain in force at all times during the term of this Agreement, the policy or policies of insurance covering its operations placed with reputable insurance companies in amounts as specified on Page 3 of this Agreement. Upon request by ADMINISTRATOR, HOSPITAL shall provide evidence of such insurance.

C. All insurance policies except Workers' Compensation and Employer's Liability shall contain the following clauses:

1. "The County of Orange is included as an additional insured with respect to the operations of the named insured performed under contract with the County of Orange."

2. "It is agreed that any insurance maintained by the County of Orange shall apply in excess of, and not contribute with, insurance provided by this policy."

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3. "This insurance shall not be canceled, limited or non–renewed until after thirty (30) calendar days written notice has been given to Orange County HCA/Manager of Operations, Medical and Institutional Health Services, 405 West 5th Street, Room 718, Santa Ana, CA 92701-4637."

D. Certificates of Insurance and endorsements evidencing the above coverages and clauses shall be mailed to COUNTY as referenced on Page 3 of this Agreement.

VIII. INSPECTIONS AND AUDITS

A. ADMINISTRATOR, any authorized representative of COUNTY, any authorized representative of the State of California, the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States, or any of their authorized representatives, shall have access to any books, documents, and records, including, but not limited to, medical and patient records, of HOSPITAL which such persons deem reasonably pertinent to this Agreement, for the purpose of responding to a patient complaint or, conducting an audit, review, evaluation, or examination, or making transcripts during the periods of retention set forth in the Records Paragraph of this Agreement. The above mentioned persons, may at all reasonable times, inspect or otherwise evaluate the services provided pursuant to this Agreement and the premises in which they are provided; provided, however, such inspections or evaluations shall not interfere with patient care.

1. These audits, reviews, evaluations, or examinations may include, but are not limited to, the following:

a. Level and quality of care, including the necessity and appropriateness of the services provided.

b. Financial records when determined necessary to protect public funds.

c. Internal procedures for assuring efficiency, economy, and quality of care.

d. Grievances relating to medical care, and their disposition, or other types of complaints or problems.

2. ADMINISTRATOR shall provide HOSPITAL with at least fifteen (15) calendar days prior notice of such inspection or evaluation; provided, however, that the California Department of Health Care Services, or duly authorized representative, which may include COUNTY, shall be required to provide at least seventy-two (72) hours notice for its onsite inspections and evaluations. Unannounced inspections, evaluations, or requests for information may be made in those situations where arrangement of an appointment beforehand is not possible or inappropriate due to the nature of the inspection or evaluation.

B. HOSPITAL shall actively participate and cooperate with any person specified in subparagraph A. above in any evaluation of the services provided pursuant to this Agreement, and shall provide the above-mentioned persons adequate office space to conduct such evaluation. Such space must be capable of being locked and secured to protect the work of said persons during the period of their evaluation.

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C. AUDIT RESPONSE

1. Following an audit report, in the event of non-compliance with applicable laws and regulations governing funds provided, or to be provided, through this Agreement, COUNTY may terminate this Agreement or may direct HOSPITAL to immediately implement appropriate corrective action. A plan of correction shall be submitted to ADMINISTRATOR in writing within thirty (30) calendar days after receiving notice from ADMINISTRATOR.

2. If the audit reveals that money is payable from one party to the other, that is, reimbursement by HOSPITAL to COUNTY, or payment of sums due from COUNTY to HOSPITAL, said funds shall be due and payable from one party to the other within sixty (60) calendar days of receipt of the audit results. If reimbursement is due from HOSPITAL to COUNTY, and such reimbursement is not received within said sixty (60) calendar days, COUNTY may, in addition to any other remedies, reduce any amount owed HOSPITAL by an amount not to exceed the reimbursement due COUNTY.

IX. LICENSES AND LAW

A. HOSPITAL, its officers, agents, employees, affiliates, and contractors shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, accreditations, certificates, waivers and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, COUNTY, and any other applicable governmental agencies. HOSPITAL shall notify ADMINISTRATOR immediately and in writing of its inability to obtain or maintain, irrespective of the pendency of any hearings or appeals, such permits, licenses, approvals, certificates, accreditations, waivers and exemptions. Said inability shall be cause for termination of this Agreement.

B. HOSPITAL shall comply with all applicable governmental laws, regulations, or requirements as they exist now or may be hereafter amended or changed.

C. This Agreement is not intended nor shall it be construed to affect, except as expressly provided for herein, COUNTY'S or HOSPITAL'S existing rights, obligations, and responsibilities with respect to care required by or provided to indigent patients; provided, however, that each party's rights and obligations with respect to patients treated hereunder shall be limited to the rights and obligations established and agreed to hereunder.

D. HOSPITAL warrants, to the best of its knowledge, that all hospital-based physicians providing services at HOSPITAL, under this Agreement, are and will continue to be as long as this Agreement remains in effect, the holders of currently valid licenses to practice medicine in the State of California and are members in "good standing" of the medical staff of HOSPITAL'S facility.

E. HOSPITAL warrants that it makes its best effort to fully comply with all federal and state statutes and regulations regarding the employment of aliens and others and that employees performing work under this Agreement meet the citizenship or alien status requirement set forth in federal statutes and regulations. HOSPITAL shall obtain, from all employees performing work hereunder, all verification and

other documentation of employment eligibility status required by federal or state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. HOSPITAL shall retain all such documentation for all covered employees for the period prescribed by the law.

F. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS

1. HOSPITAL agrees to furnish to ADMINISTRATOR within thirty (30) calendar days of the award of this Agreement:

a. In the case of an individual contractor, his/her name, date of birth, Social Security number, and residence address;

b. In the case of a contractor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in the contracting entity;

c. A certification that HOSPITAL has fully complied with all applicable federal and state reporting requirements regarding its employees;

d. A certification that HOSPITAL has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

2. Failure of HOSPITAL to timely submit the data or certifications required by subparagraph 1.a., 1.b., 1.c., or 1.d. above, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from COUNTY shall constitute grounds for termination of this Agreement as to the non-complying party.

3. It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, as permitted by federal and state statutes.

X. NONDISCRIMINATION

A. EMPLOYMENT

1. During the performance of this Agreement, HOSPITAL shall not unlawfully discriminate against any employee or applicant for employment because of his or her ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. HOSPITAL shall warrant that the evaluation and treatment of employees and applicants for employment is free from discrimination in the areas of: employment; promotion; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. There shall be posted, in conspicuous places, available to employees and applicants for employment, notices from ADMINISTRATOR and/or the United States Equal Employment Opportunity Commission setting forth the provisions of the Equal Opportunity Clause.

2. All solicitations or advertisements for employees placed by or on behalf of HOSPITAL and its contractors shall state that all qualified applicants will receive consideration for employment without regard to ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. Such requirement shall be deemed fulfilled by use of the phrase "an equal opportunity employer."

3. HOSPITAL shall give written notice of its obligations under this Equal Opportunity Clause to each labor union with which HOSPITAL has a collective bargaining agreement.

4. Upon a finding of discrimination by the Equal Opportunity Commission, Department of Fair Employment and Housing, or a court of competent jurisdiction, and after exhaustion of any and all appeals, this Agreement may be canceled, terminated or suspended in whole or in part, and HOSPITAL may be declared ineligible for future contracts.

B. SERVICES, BENEFITS, AND FACILITIES - HOSPITAL shall not discriminate in the provision of services, the allocation of benefits, or in the accommodation in facilities on the basis of ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability in accordance with Title VI of the Civil Rights Act of 1964, 42, U.S.C.A. §2000d and all other pertinent rules and regulations promulgated pursuant thereto, and as otherwise provided by state law and regulations, as all may now exist or be hereafter amended or changed.

C. PERSONS WITH DISABILITIES - HOSPITAL agrees to comply with the provisions of §504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 794 et seq., as implemented in 45 CFR 84.1 et seq.), and the Americans with Disabilities Act of 1990 (42 U.S.C.A. 12101, et seq.), pertaining to the prohibition of discrimination against qualified persons with disabilities as they exist now or may be hereafter amended together with succeeding legislation.

D. RETALIATION - Neither HOSPITAL, nor its employees or agents shall intimidate, coerce, or take adverse action against any person for the purpose of interfering with rights secured by federal or state laws, or because such person has filed a complaint, certified, assisted, or otherwise participated in an investigation, proceeding, hearing or any other activity undertaken to enforce rights secured by federal or state law.

XI. NOTICES

A. Unless otherwise specified in this Agreement, all notices, claims, correspondence, reports, and/or statements authorized or required by this Agreement, shall be effective:

1. When delivered personally; or

2. Three (3) days from the date sent by certified or registered mail in the United States Postal Service, return receipt requested, postage prepaid, or first class postage prepaid, and addressed as specified on Page 3 of this Agreement; or

3. When faxed, transmission confirmed; or

4. When sent by electronic mail; or

5. When delivered by United States Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

B. Termination Notices shall be addressed as specified on Page 3 of this Agreement, and shall be effective when faxed, transmission confirmed, or when delivered by U.S. Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

C. Any party to this Agreement may change the address at which it wishes to receive notice by giving notice to the other party in the manner set forth above. For purposes of this Agreement, any notice to be provided by COUNTY may be given by ADMINISTRATOR.

XII. RECORDS

A. HOSPITAL shall maintain records that are adequate for the California Department of Health Services to substantiate the services for which claims are submitted for reimbursement as funded under this Agreement and the charges thereto. Such records shall include, but not be limited to, individual patient charts and utilization review records.

B. RECORDS RETENTION

1. All records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange, for a period of seven (7) years after final payment under this Agreement.

2. Records which relate to litigation or settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by COUNTY or state or federal governments, shall be retained by HOSPITAL until disposition of such appeals, litigation, claims or exceptions is completed.

XIII. RESPONSIBILITIES OF COUNTY

A. Following execution of this Agreement by the Orange County Board of Supervisors, COUNTY shall transfer $14,000 to the California Department of Health Care Services (DHCS) for deposit into the Private Hospital Supplemental Fund.

B. Pursuant to Welfare and Institutions (W&I) Code 14166.12(f), DHCS shall utilize the non-federal funds provided by COUNTY to obtain federal financial participation including Federal Medical Assistance Percentage (FMAP) and federal financial participation to the full extent permitted by law, which amount COUNTY anticipates to be $27,337.

C. COUNTY shall recommend to the California Medical Assistance Commission (CMAC), responsible for negotiating Private Hospital Supplemental Funds with HOSPITAL, that HOSPITAL also receive the twenty-five percent (25%) balance of the amount deposited plus the corresponding federal financial participation plus the FMAP, anticipated to be $7,000. HOSPITAL understands that COUNTY

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may only make a recommendation regarding these funds and that final determination regarding distribution of these funds rests with CMAC.

XIV. RESPONSIBILITIES OF HOSPITAL

As a condition for HOSPITAL to receive funds specified in Paragraph XIII above, HOSPITAL shall:

A. Operate as an acute care hospital for Medi-Cal patients, regardless of ability to pay, and continually meet all applicable standards established in Title 22 as they now exist or may be hereafter amended.

B. Maintain designation as a Paramedic Receiving Center by the Local Emergency Medical Services (EMS) Agency pursuant through December 31, 2010.

C. Provide Paramedic Receiving Center Services and other hospital services to all patients, including Medi-Cal patients, regardless of age or ability to pay, through December 31, 2010.

D. Submit relevant and pertinent data as requested by the Local EMS Agency that complies with state and local EMS data requirements.

E. Agree that no portion of funds received by HOSPITAL from CMAC as approved by this Agreement shall be returned to any government or quasi-governmental agency.

XV. SEVERABILITY

If a court of competent jurisdiction declares any provision of this Agreement or application thereof to any person or circumstances to be invalid or if any provision of this Agreement contravenes any federal, state, or county statutes, ordinance, or regulation, the remaining provisions of this Agreement or the application thereof shall remain valid, and the remaining provisions of this Agreement shall remain in full force and effect, and to that extent the provisions of this Agreement are severable, unless to do so would defeat an essential business purpose of this Agreement.

XVI. STATUS OF PARTIES

A. Each party is, and shall at all times be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this Agreement. Each party is entirely responsible for compensating staff and consultants employed by that party. This Agreement shall not be construed as creating the relationship of employer and employee, or principal and agent, between COUNTY and HOSPITAL or of either party's employees, agents, consultants, or contractors. Each party assumes exclusively the responsibility for the acts of its employees, agents, consultants, or contractors as they relate to the services to be provided during the course and scope of their employment or respective contracts.

B. COUNTY shall neither have, nor exercise, any control or direction over the methods by which HOSPITAL shall perform its obligations under this Agreement. The standards of medical care and professional duties of HOSPITAL'S employees performing medical services under this Agreement shall

be determined, as applicable, by HOSPITAL'S Board of Directors and the standards of care in the community in which HOSPITAL is located, and all applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of HOSPITAL.

XVII. TERM

The term of this Agreement shall commence and terminate as specified on Page 3 of this Agreement; provided, however, CONTRACTOR shall be obligated to perform such duties as would normally extend beyond this term, including but not limited to, obligations with respect to confidentiality, indemnification, audits, reporting and accounting.

XVIII. TERMINATION

A. Neither party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment deemed resulting, directly or indirectly, from Acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or suppliers, vandalism, strikes or other work interruptions by a party's officers, agents, employees, affiliates, or contractors, or any similar cause beyond the reasonable control of any party to this Agreement. However, all parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.

B. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence of any of the following events:

1. The loss by HOSPITAL of legal capacity.
2. Cessation of services.
3. The loss of accreditation or any license required by the Licenses and Law paragraph of this Agreement.

C. After receiving a Notice of Termination, HOSPITAL shall do the following:

1. Comply with termination instructions provided by ADMINISTRATOR in a manner that is consistent with recognized standards of quality care and prudent business practice for hospitals in the communities in which HOSPITAL is located.
2. Obtain immediate clarification from ADMINISTRATOR of any unsettled issues of contract performance during the remaining allocation period.
3. Until the date of termination, continue to provide the same level of service required by this Agreement.
4. Until the date of termination, continue to be reimbursed by COUNTY for provision of services specified herein.
5. If patients are to be transferred to another facility for services, furnish ADMINISTRATOR, upon request, all patient information and records deemed necessary by ADMINISTRATOR to effect an orderly transfer.

6. Assist ADMINISTRATOR in effecting the transfer of patients in a manner consistent with their best interests.

D. The rights and remedies of COUNTY and HOSPITAL provided in this Termination paragraph shall not be exclusive, and are in addition to any other rights and remedies provided by law or under this Agreement.

XIX. THIRD PARTY BENEFICIARY

No party hereto intends that this Agreement shall create rights hereunder in third parties including, but not limited to, any contractors or any patients provided services hereunder.

XX. WAIVER OF DEFAULT OR BREACH

Waiver by either party of any default by the other party shall not be considered a waiver of any other or subsequent default. Waiver by either party of any breach by the other party of any provision of this Agreement shall not be considered a waiver of any other or subsequent breach. Waiver by the other party of any default or any breach by the other party shall not be considered a modification of the terms of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement, in the County of Orange, State of California.

CHAPMAN MEDICAL CENTER INC., A CALIFORNIA CORPORATION dba CHAPMAN MEDICAL CENTER

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

COUNTY OF ORANGE

BY: _____
CHAIR OF THE BOARD
OF SUPERVISORS

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIR OF THE BOARD PER G.C. SEC. 25103, RESO 79-1535
ATTEST:

BY: _____
DARLENE J. BLOOM
Clerk of the Board of Supervisors
of Orange County, California

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

BY: Christopher J. Miller
DEPUTY

DATED: 4/14/10

If Contractor is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. If the Agreement is signed by one (1) authorized individual only, a copy of the corporate resolution or by-laws whereby the board of directors has empowered said authorized individual to act on its behalf by his or her signature alone is required

AGREEMENT FOR PROVISION OF
INTERGOVERNMENTAL TRANSFER FUNDS
BETWEEN
COUNTY OF ORANGE
AND
CHILDREN'S HOSPITAL OF ORANGE COUNTY
MAY 18, 2010 THROUGH DECEMBER 31, 2010

THIS AGREEMENT (Agreement) entered into this 18th day of May 2010, which date is enumerated for purposes of reference only, is by and between the COUNTY OF ORANGE (COUNTY) and CHILDREN'S HOSPITAL OF ORANGE COUNTY, a California non-profit corporation (HOSPITAL). This Agreement shall be administered by the County of Orange Health Care Agency (ADMINISTRATOR).

W I T N E S S E T H:

WHEREAS, HOSPITAL, a general acute care facility, licensed in accordance with the requirements of the California Health Facilities Licensure Act (Health and Safety Code, Sections 1250 et seq.) and the regulations promulgated pursuant thereto, is equipped, staffed and prepared to provide medical services; and

WHEREAS, HOSPITAL currently contracts with the California Department of Health Care Services (DHCS) for the provision of Medi-Cal services; and

WHEREAS, HOSPITAL also meets the criteria to be eligible for payments from the Private Hospital Supplemental Fund established pursuant to Welfare and Institutions Code Section 14166.12(b); and

WHEREAS, COUNTY may transfer funds to DHCS for deposit into the Private Hospital Supplemental Fund pursuant to Section 433.51 of Title 42 of the Code of Federal Regulations and Welfare and Institutions Code Section 14166.12(e); and

WHEREAS, DHCS shall use transferred funds to obtain federal financial participation for distribution in all or part to HOSPITAL; and

WHEREAS, COUNTY is agreeable to transferring funds on behalf of HOSPITAL to DHCS; and

WHEREAS, HOSPITAL is agreeable to the rendering of such services on the terms and conditions hereinafter set forth:

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

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REFERENCED CONTRACT PROVISIONS

Allocation Period: May 18, 2010 through December 31, 2010

Total Maximum Obligation: **$100,000**

Basis for Reimbursement: Negotiated Amount
Payment Method: Intergovernmental Transfer to California Department of Health Care Services

Notices to COUNTY and CONTRACTOR:

COUNTY:
County of Orange
Health Care Agency
Manager of Operations
Medical and Institutional Health Services Operations
405 West 5th Street, Room 718
Santa Ana, CA 92701-4637

HOSPITAL:
Attention: Kimberly C. Cripe, President/CEO
Children's Hospital of Orange County
455 South Main Street
Orange, CA 92868

Children's Hospital of Orange County
P.O. Box 5700
Orange, CA 92863

HOSPITAL'S Insurance Coverages:

Coverage	Minimum Limits
Workers' Compensation	Statutory
Employer's Liability	$1,000,000
Professional Liability	$3,000,000
Comprehensive General Liability Insurance	$5,000,000

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I. ALLOCATION PERIOD

A. The allocation period of this Agreement shall commence and terminate as specified on Page 3 of this Agreement, unless otherwise sooner terminated as provided elsewhere in this Agreement; provided, however, the parties shall continue to be obligated to comply with the requirements and perform such duties specified in this Agreement. Such duties include, but are not limited to, obligations with respect to claims processing, reimbursement, confidentiality, indemnification, audits, accounting, and data reporting.

B. Any administrative duty or obligation to be performed pursuant to this Agreement on a weekend or holiday may be performed on the next regular business day.

II. ALTERATION OF TERMS

This Agreement fully expresses all understanding of COUNTY and HOSPITAL with respect to the subject matter of this Agreement, and shall constitute the total Agreement between the parties for these purposes. No addition to, or alteration of, the terms of this Agreement, whether written or verbal, shall be valid unless made in writing and formally approved and executed by both parties.

III. COMPLIANCE

A. COUNTY'S Health Care Agency (HCA) has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.

1. HOSPITAL may adopt HCA'S Compliance Program or establish its own. If HOSPITAL has established its own Compliance Program, HOSPITAL shall acknowledge existence of HCA'S Compliance Program and shall provide certification to ADMINISTRATOR that HOSPITAL shall operate its own Compliance Program and shall ensure that its employees, subcontractors, interns, volunteers, and members of Board of Directors or duly authorized agent, if appropriate, ("Covered Individuals") are made aware of HOSPITAL'S Compliance Program policies and procedures.

2. If HOSPITAL elects to adopt HCA'S Compliance Program, ADMINISTRATOR shall provide HOSPITAL with a copy of the relevant HCA Policies and Procedures relating to the Office of Compliance. HOSPITAL shall ensure that Covered Individuals relative to this Agreement are made aware of these Policies and Procedures.

B. CODE OF CONDUCT – Under the direction of the HCA Office of Compliance, a Code of Conduct for adherence by all HCA employees and contract providers has been developed.

1. Within thirty (30) calendar days of award of this Agreement, HOSPITAL has the option of submitting to ADMINISTRATOR a signed acknowledgement and agreement that HOSPITAL shall comply with the "HCA Contractor Code of Conduct" specified in subparagraph B.3 below or Hospital shall submit a copy of its Code of Conduct to ADMINISTRATOR for review and comparison to federal, state, and COUNTY standards by the HCA Compliance Officer.

2. If HOSPITAL elects to submit a copy of its Code of Conduct, HCA'S Compliance Officer shall advise HOSPITAL of any necessary changes to Hospital's Code of Conduct to meet minimum

standards and HOSPITAL shall either take necessary action to meet said standards or shall be asked to acknowledge and agree to the "HCA Contractor Code of Conduct" specified in subparagraph B.3. below.

3. HCA CONTRACTOR CODE OF CONDUCT – HOSPITAL and its employees and subcontractors shall:

a. Comply with all applicable laws, regulations, rules or guidelines when providing and billing for services specified herein.

b. Use their best efforts to conduct themselves honestly fairly, courteously and with a high degree of integrity in their professional dealings related to this Agreement and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of HOSPITAL and/or COUNTY.

c. Treat COUNTY employees, clients and other COUNTY contractors fairly and with respect.

d. NOT engage in any activity in violation of HCA'S Compliance Program, nor engage in any other conduct which violates any applicable law, regulation, rule or guideline.

e. Take precautions to ensure that claims are prepared and submitted accurately, timely and are consistent with all applicable laws, regulations, rules or guidelines.

f. Ensure that no false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind are submitted.

g. Bill only for eligible services actually rendered and fully documented and use billing codes that accurately describe the services provided.

h. Act promptly to investigate and correct problems if errors in claims or billings are discovered.

i. Promptly report to HCA'S Compliance Officer any activity that HOSPITAL believes may violate the standards of the HCA Compliance Program, or any other applicable law, regulation, rule or guideline.

j. Promptly report to HCA'S Compliance Officer any suspected violation(s) of this HCA Contractor Code of Conduct by COUNTY employees.

k. Consult with HCA'S Compliance Officer if there are any questions or uncertainties of any Compliance Program standard or any other applicable law regulation, rule or guideline.

4. Failure of HOSPITAL to timely submit the acknowledgement of the HCA Contractor Code of Conduct or its own Code of Conduct shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of such notice from ADMINISTRATOR shall constitute grounds for termination of this Agreement as to the non-complying party.

C. HOSPITAL shall screen all Covered Individuals employed or retained to provide services related to this Agreement to ensure that they are not designated as "Ineligible Persons", as defined hereunder. Screening shall be conducted against the General Services Administration's List of Parties Excluded from Federal Programs and the Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities.

1. Ineligible Person shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

2. HOSPITAL shall screen prospective Covered Individuals prior to hire or engagement. HOSPITAL shall not hire or engage any Ineligible Person to provide services relative to this Agreement.

3. HOSPITAL shall screen all current Covered Individuals semi-annually, each January and July unless otherwise authorized in writing by ADMINISTRATOR, to ensure that they have not become Ineligible Persons.

4. Covered Individuals shall be required to disclose to HOSPITAL immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. HOSPITAL shall notify COUNTY immediately upon such disclosure.

5. In addition to screening organizations and vendor under subcontract, HOSPITAL shall also request that its subcontractors warrant that they are eligible to participate in all federal and State of California health programs and have not been excluded or debarred from participation in a federal or state health care programs, and to further warrant to HOSPITAL that they do not have any Ineligible Person in their employ or under contract.

6. HOSPITAL acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with COUNTY in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If HOSPITAL becomes aware that a Covered Individual has become an Ineligible Person, HOSPITAL shall remove such individual from responsibility for, or involvement with, HCA business operations related to this Agreement.

D. REIMBURSEMENT STANDARDS

1. HOSPITAL shall take reasonable precaution to ensure that the coding of health care claims and billing for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and county laws and regulations as well as HCA'S policies and/or agreements with third party payers. This includes compliance with federal and state health care program regulations and procedures or instructions otherwise communicated by regulatory agencies including the Centers for Medicare and Medicaid Services or their agents.

2. HOSPITAL shall not submit false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind.

3. HOSPITAL shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, HOSPITAL shall use only correct billing codes that accurately describe the services provided.

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4. HOSPITAL shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified by anyone.

E. COMPLIANCE TRAINING – ADMINISTRATOR shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.

1. HOSPITAL shall use its best efforts to encourage attendance at Compliance Training by Covered Individuals.

2. Such training will be made available to Covered Individuals within thirty (30) calendar days of employment or engagement.

3. Such training will be made available to each Covered Individual annually.

4. Each Covered Individual attending training shall certify, in writing, attendance at compliance training. HOSPITAL shall retain the certifications. Upon written request by ADMINISTRATOR, HOSPITAL shall provide copies of the certifications.

IV. CONFIDENTIALITY

A. Each party shall use its best efforts to maintain the confidentiality of all records, including billings, claims, and any audio and/or video recordings, in accordance with all applicable state and federal codes and regulations, as they now exist or may hereafter be amended or changed including, but not limited to the Health Insurance Portability and Accountability Act.

B. Prior to providing any services pursuant to this Agreement, all HOSPITAL'S employees, contractors, and members of Board of Directors, or its designee or duly authorized agent(s) shall agree, in writing, with HOSPITAL to use their respective best efforts to maintain, in accordance with applicable laws and regulations, the confidentiality of any and all information and records which may be obtained in the course of providing such services. The agreement shall specify that it is effective irrespective of all subsequent resignations or terminations of HOSPITAL'S employees, contractors, and members of Board of Directors or duly authorized agent.

V. DELEGATION, ASSIGNMENT, AND SUBCONTRACTS

A. HOSPITAL may not delegate the obligations hereunder or assign its rights, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned, or delayed; provided however, obligations undertaken by HOSPITAL pursuant to this Agreement may be carried out by means of contracts, provided such contracts meet the requirements of this Agreement as they relate to the service or activity under contract, include any provisions that ADMINISTRATOR may reasonably require, and are approved in writing by ADMINISTRATOR, which approval shall not be unreasonably conditioned, withheld, or delayed. This provision shall not be applicable to service agreements usually and customarily entered into by HOSPITAL to obtain or arrange for supplies, technical support, or professional services. No contract shall terminate or alter the responsibilities of HOSPITAL to COUNTY pursuant to this Agreement.

B. HOSPITAL may not assign the rights hereunder, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably conditioned, withheld, or delayed. Any change in the control structure, including but not limited to, the sale or transfer of more than fifty percent (50%) of the assets or stock of HOSPITAL, change to another corporate structure, including a change to a sole proprietorship, or a change in fifty percent (50%) or more of HOSPITAL'S directors at one time (six-months or less) shall be deemed an assignment pursuant to this paragraph. Any attempted assignment or delegation in derogation of this subparagraph shall be void.

VI. FACILITIES, PAYMENTS AND SERVICES

COUNTY shall compensate HOSPITAL, and HOSPITAL agrees to provide the services, staffing, facilities, any equipment and supplies, and reports in accordance with this Agreement. HOSPITAL shall use its best efforts to operate continuously throughout the term of this Agreement with at least the minimum number and type of staff which meet applicable state and federal requirements, and which are necessary for the provision of the services hereunder.

VII. INDEMNIFICATION AND INSURANCE

A. HOSPITAL agrees to indemnify, defend and hold COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies for which COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands, including defense costs, or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by HOSPITAL pursuant to this Agreement. If judgment is entered against HOSPITAL and COUNTY by a court of competent jurisdiction because of the concurrent active negligence of COUNTY or COUNTY INDEMNITEES, HOSPITAL and COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

B. Without limiting HOSPITAL'S indemnification, HOSPITAL warrants that it is self-insured or shall maintain in force at all times during the term of this Agreement, the policy or policies of insurance covering its operations placed with reputable insurance companies in amounts as specified on Page 3 of this Agreement. Upon request by ADMINISTRATOR, HOSPITAL shall provide evidence of such insurance.

C. All insurance policies except Workers' Compensation and Employer's Liability shall contain the following clauses:

1. "The County of Orange is included as an additional insured with respect to the operations of the named insured performed under contract with the County of Orange."

2. "It is agreed that any insurance maintained by the County of Orange shall apply in excess of, and not contribute with, insurance provided by this policy."

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3. "This insurance shall not be canceled, limited or non–renewed until after thirty (30) calendar days written notice has been given to Orange County HCA/Manager of Operations, Medical and Institutional Health Services, 405 West 5th Street, Room 718, Santa Ana, CA 92701-4637."

D. Certificates of Insurance and endorsements evidencing the above coverages and clauses shall be mailed to COUNTY as referenced on Page 3 of this Agreement.

VIII. INSPECTIONS AND AUDITS

A. ADMINISTRATOR, any authorized representative of COUNTY, any authorized representative of the State of California, the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States, or any of their authorized representatives, shall have access to any books, documents, and records, including, but not limited to, medical and patient records, of HOSPITAL which such persons deem reasonably pertinent to this Agreement, for the purpose of responding to a patient complaint or, conducting an audit, review, evaluation, or examination, or making transcripts during the periods of retention set forth in the Records Paragraph of this Agreement. The above mentioned persons, may at all reasonable times, inspect or otherwise evaluate the services provided pursuant to this Agreement and the premises in which they are provided; provided, however, such inspections or evaluations shall not interfere with patient care.

1. These audits, reviews, evaluations, or examinations may include, but are not limited to, the following:

a. Level and quality of care, including the necessity and appropriateness of the services provided.

b. Financial records when determined necessary to protect public funds.

c. Internal procedures for assuring efficiency, economy, and quality of care.

d. Grievances relating to medical care, and their disposition, or other types of complaints or problems.

2. ADMINISTRATOR shall provide HOSPITAL with at least fifteen (15) calendar days prior notice of such inspection or evaluation; provided, however, that the California Department of Health Care Services, or duly authorized representative, which may include COUNTY, shall be required to provide at least seventy-two (72) hours notice for its onsite inspections and evaluations. Unannounced inspections, evaluations, or requests for information may be made in those situations where arrangement of an appointment beforehand is not possible or inappropriate due to the nature of the inspection or evaluation.

B. HOSPITAL shall actively participate and cooperate with any person specified in subparagraph A. above in any evaluation of the services provided pursuant to this Agreement, and shall provide the above-mentioned persons adequate office space to conduct such evaluation. Such space must be capable of being locked and secured to protect the work of said persons during the period of their evaluation.

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C. AUDIT RESPONSE

1. Following an audit report, in the event of non-compliance with applicable laws and regulations governing funds provided, or to be provided, through this Agreement, COUNTY may terminate this Agreement or may direct HOSPITAL to immediately implement appropriate corrective action. A plan of correction shall be submitted to ADMINISTRATOR in writing within thirty (30) calendar days after receiving notice from ADMINISTRATOR.

2. If the audit reveals that money is payable from one party to the other, that is, reimbursement by HOSPITAL to COUNTY, or payment of sums due from COUNTY to HOSPITAL, said funds shall be due and payable from one party to the other within sixty (60) calendar days of receipt of the audit results. If reimbursement is due from HOSPITAL to COUNTY, and such reimbursement is not received within said sixty (60) calendar days, COUNTY may, in addition to any other remedies, reduce any amount owed HOSPITAL by an amount not to exceed the reimbursement due COUNTY.

IX. LICENSES AND LAW

A. HOSPITAL, its officers, agents, employees, affiliates, and contractors shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, accreditations, certificates, waivers and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, COUNTY, and any other applicable governmental agencies. HOSPITAL shall notify ADMINISTRATOR immediately and in writing of its inability to obtain or maintain, irrespective of the pendency of any hearings or appeals, such permits, licenses, approvals, certificates, accreditations, waivers and exemptions. Said inability shall be cause for termination of this Agreement.

B. HOSPITAL shall comply with all applicable governmental laws, regulations, or requirements as they exist now or may be hereafter amended or changed.

C. This Agreement is not intended nor shall it be construed to affect, except as expressly provided for herein, COUNTY'S or HOSPITAL'S existing rights, obligations, and responsibilities with respect to care required by or provided to indigent patients; provided, however, that each party's rights and obligations with respect to patients treated hereunder shall be limited to the rights and obligations established and agreed to hereunder.

D. HOSPITAL warrants, to the best of its knowledge, that all hospital-based physicians providing services at HOSPITAL, under this Agreement, are and will continue to be as long as this Agreement remains in effect, the holders of currently valid licenses to practice medicine in the State of California and are members in "good standing" of the medical staff of HOSPITAL'S facility.

E. HOSPITAL warrants that it makes its best effort to fully comply with all federal and state statutes and regulations regarding the employment of aliens and others and that employees performing work under this Agreement meet the citizenship or alien status requirement set forth in federal statutes and regulations. HOSPITAL shall obtain, from all employees performing work hereunder, all verification and

other documentation of employment eligibility status required by federal or state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. HOSPITAL shall retain all such documentation for all covered employees for the period prescribed by the law.

F. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS

1. HOSPITAL agrees to furnish to ADMINISTRATOR within thirty (30) calendar days of the award of this Agreement:

a. In the case of an individual contractor, his/her name, date of birth, Social Security number, and residence address;

b. In the case of a contractor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in the contracting entity;

c. A certification that HOSPITAL has fully complied with all applicable federal and state reporting requirements regarding its employees;

d. A certification that HOSPITAL has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

2. Failure of HOSPITAL to timely submit the data or certifications required by subparagraph 1.a., 1.b., 1.c., or 1.d. above, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from COUNTY shall constitute grounds for termination of this Agreement as to the non-complying party.

3. It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, as permitted by federal and state statutes.

X. NONDISCRIMINATION

A. EMPLOYMENT

1. During the performance of this Agreement, HOSPITAL shall not unlawfully discriminate against any employee or applicant for employment because of his or her ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. HOSPITAL shall warrant that the evaluation and treatment of employees and applicants for employment is free from discrimination in the areas of: employment; promotion; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. There shall be posted, in conspicuous places, available to employees and applicants for employment, notices from ADMINISTRATOR and/or the United States Equal Employment Opportunity Commission setting forth the provisions of the Equal Opportunity Clause.

2. All solicitations or advertisements for employees placed by or on behalf of HOSPITAL and its contractors shall state that all qualified applicants will receive consideration for employment without regard to ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. Such requirement shall be deemed fulfilled by use of the phrase "an equal opportunity employer."

3. HOSPITAL shall give written notice of its obligations under this Equal Opportunity Clause to each labor union with which HOSPITAL has a collective bargaining agreement.

4. Upon a finding of discrimination by the Equal Opportunity Commission, Department of Fair Employment and Housing, or a court of competent jurisdiction, and after exhaustion of any and all appeals, this Agreement may be canceled, terminated or suspended in whole or in part, and HOSPITAL may be declared ineligible for future contracts.

B. SERVICES, BENEFITS, AND FACILITIES - HOSPITAL shall not discriminate in the provision of services, the allocation of benefits, or in the accommodation in facilities on the basis of ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability in accordance with Title VI of the Civil Rights Act of 1964, 42, U.S.C.A. §2000d and all other pertinent rules and regulations promulgated pursuant thereto, and as otherwise provided by state law and regulations, as all may now exist or be hereafter amended or changed.

C. PERSONS WITH DISABILITIES - HOSPITAL agrees to comply with the provisions of §504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 794 et seq., as implemented in 45 CFR 84.1 et seq.), and the Americans with Disabilities Act of 1990 (42 U.S.C.A. 12101, et seq.), pertaining to the prohibition of discrimination against qualified persons with disabilities as they exist now or may be hereafter amended together with succeeding legislation.

D. RETALIATION - Neither HOSPITAL, nor its employees or agents shall intimidate, coerce, or take adverse action against any person for the purpose of interfering with rights secured by federal or state laws, or because such person has filed a complaint, certified, assisted, or otherwise participated in an investigation, proceeding, hearing or any other activity undertaken to enforce rights secured by federal or state law.

XI. NOTICES

A. Unless otherwise specified in this Agreement, all notices, claims, correspondence, reports, and/or statements authorized or required by this Agreement, shall be effective:

1. When delivered personally; or

2. Three (3) days from the date sent by certified or registered mail in the United States Postal Service, return receipt requested, postage prepaid, or first class postage prepaid, and addressed as specified on Page 3 of this Agreement; or

3. When faxed, transmission confirmed; or

4. When sent by electronic mail; or

5. When delivered by United States Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

B. Termination Notices shall be addressed as specified on Page 3 of this Agreement, and shall be effective when faxed, transmission confirmed, or when delivered by U.S. Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

C. Any party to this Agreement may change the address at which it wishes to receive notice by giving notice to the other party in the manner set forth above. For purposes of this Agreement, any notice to be provided by COUNTY may be given by ADMINISTRATOR.

XII. RECORDS

A. HOSPITAL shall maintain records that are adequate for the California Department of Health Services to substantiate the services for which claims are submitted for reimbursement as funded under this Agreement and the charges thereto. Such records shall include, but not be limited to, individual patient charts and utilization review records.

B. RECORDS RETENTION

1. All records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange, for a period of seven (7) years after final payment under this Agreement.

2. Records which relate to litigation or settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by COUNTY or state or federal governments, shall be retained by HOSPITAL until disposition of such appeals, litigation, claims or exceptions is completed.

XIII. RESPONSIBILITIES OF COUNTY

A. Following execution of this Agreement by the Orange County Board of Supervisors, COUNTY shall transfer $100,000 to the California Department of Health Care Services (DHCS) for deposit into the Private Hospital Supplemental Fund.

B. Pursuant to Welfare and Institutions (W&I) Code 14166.12(f), DHCS shall utilize the non-federal funds provided by COUNTY to obtain federal financial participation including Federal Medical Assistance Percentage (FMAP) and federal financial participation to the full extent permitted by law, which amount COUNTY anticipates to be $195,262.

C. COUNTY shall recommend to the California Medical Assistance Commission (CMAC), responsible for negotiating Private Hospital Supplemental Funds with HOSPITAL, that HOSPITAL also receive the twenty-five percent (25%) balance of the amount deposited plus the corresponding federal financial participation plus the FMAP, anticipated to be $50,000. HOSPITAL understands that COUNTY

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may only make a recommendation regarding these funds and that final determination regarding distribution of these funds rests with CMAC.

XIV. RESPONSIBILITIES OF HOSPITAL

As a condition for HOSPITAL to receive funds specified in Paragraph XIII above, HOSPITAL or its affiliate shall:

A. Financially support emergency and trauma services provided to pediatric patients, specifically Medi-Cal patients, through December 31, 2010 regardless of the patients' ability to pay.

B. Provide emergency, trauma, and other hospital services to all Medi-Cal patients, regardless of age or ability to pay, through December 31, 2010.

C. Submit relevant and pertinent data as requested by the Local EMS Agency that complies with state and local EMS data requirements.

D. Agree that no portion of funds received by HOSPITAL from CMAC as approved by this Agreement shall be returned to any governmental or quasi-governmental agency.

XV. SEVERABILITY

If a court of competent jurisdiction declares any provision of this Agreement or application thereof to any person or circumstances to be invalid or if any provision of this Agreement contravenes any federal, state, or county statutes, ordinance, or regulation, the remaining provisions of this Agreement or the application thereof shall remain valid, and the remaining provisions of this Agreement shall remain in full force and effect, and to that extent the provisions of this Agreement are severable, unless to do so would defeat an essential business purpose of this Agreement.

XVI. STATUS OF PARTIES

A. Each party is, and shall at all times be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this Agreement. Each party is entirely responsible for compensating staff and consultants employed by that party. This Agreement shall not be construed as creating the relationship of employer and employee, or principal and agent, between COUNTY and HOSPITAL or of either party's employees, agents, consultants, or contractors. Each party assumes exclusively the responsibility for the acts of its employees, agents, consultants, or contractors as they relate to the services to be provided during the course and scope of their employment or respective contracts.

B. COUNTY shall neither have, nor exercise, any control or direction over the methods by which HOSPITAL shall perform its obligations under this Agreement. The standards of medical care and professional duties of HOSPITAL'S employees performing medical services under this Agreement shall be determined, as applicable, by HOSPITAL'S Board of Directors and the standards of care in the community in which HOSPITAL is located, and all applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of HOSPITAL.

XVII. TERM

The term of this Agreement shall commence and terminate as specified on Page 3 of this Agreement; provided, however, CONTRACTOR shall be obligated to perform such duties as would normally extend beyond this term, including but not limited to, obligations with respect to confidentiality, indemnification, audits, reporting and accounting.

XVIII. TERMINATION

A. Neither party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment deemed resulting, directly or indirectly, from Acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or suppliers, vandalism, strikes or other work interruptions by a party's officers, agents, employees, affiliates, or contractors, or any similar cause beyond the reasonable control of any party to this Agreement. However, all parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.

B. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence of any of the following events:

1. The loss by HOSPITAL of legal capacity.
2. Cessation of services.
3. The loss of accreditation or any license required by the Licenses and Law paragraph of this Agreement.

C. After receiving a Notice of Termination, HOSPITAL shall do the following:

1. Comply with termination instructions provided by ADMINISTRATOR in a manner that is consistent with recognized standards of quality care and prudent business practice for hospitals in the communities in which HOSPITAL is located.
2. Obtain immediate clarification from ADMINISTRATOR of any unsettled issues of contract performance during the remaining allocation period.
3. Until the date of termination, continue to provide the same level of service required by this Agreement.
4. Until the date of termination, continue to be reimbursed by COUNTY for provision of services specified herein.
5. If patients are to be transferred to another facility for services, furnish ADMINISTRATOR, upon request, all patient information and records deemed necessary by ADMINISTRATOR to effect an orderly transfer.
6. Assist ADMINISTRATOR in effecting the transfer of patients in a manner consistent with their best interests.

D. The rights and remedies of COUNTY and HOSPITAL provided in this Termination paragraph shall not be exclusive, and are in addition to any other rights and remedies provided by law or under this Agreement.

XIX. THIRD PARTY BENEFICIARY

No party hereto intends that this Agreement shall create rights hereunder in third parties including, but not limited to, any contractors or any patients provided services hereunder.

XX. WAIVER OF DEFAULT OR BREACH

Waiver by either party of any default by the other party shall not be considered a waiver of any other or subsequent default. Waiver by either party of any breach by the other party of any provision of this Agreement shall not be considered a waiver of any other or subsequent breach. Waiver by the other party of any default or any breach by the other party shall not be considered a modification of the terms of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement, in the County of Orange, State of California.

CHILDREN'S HOSPITAL OF ORANGE COUNTY

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

COUNTY OF ORANGE

BY: _____
CHAIR OF THE BOARD
OF SUPERVISORS

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIR OF THE BOARD PER G.C. SEC. 25103, RESO 79-1535
ATTEST:

BY: _____
DARLENE J. BLOOM
Clerk of the Board of Supervisors
of Orange County, California

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

BY: Christopher J. Miller
DEPUTY

DATED: 4/14/10

If Contractor is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. If the Agreement is signed by one (1) authorized individual only, a copy of the corporate resolution or by-laws whereby the board of directors has empowered said authorized individual to act on its behalf by his or her signature alone is required

AGREEMENT FOR PROVISION OF INTERGOVERNMENTAL TRANSFER FUNDS BETWEEN COUNTY OF ORANGE AND COASTAL COMMUNITIES HOSPITAL INC., A CALIFORNIA CORPORATION dba COASTAL COMMUNITIES HOSPITAL, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.

MAY 18, 2010 THROUGH DECEMBER 31, 2010

THIS AGREEMENT (Agreement) entered into this 18th day of May 2010, which date is enumerated for purposes of reference only, is by and between the COUNTY OF ORANGE (COUNTY) and COASTAL COMMUNITIES HOSPITAL, INC., A CALIFORNIA CORPORATION dba COASTAL COMMUNITIES HOSPITAL, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC. (HOSPITAL). This Agreement shall be administered by the County of Orange Health Care Agency (ADMINISTRATOR).

W I T N E S S E T H:

WHEREAS, HOSPITAL, a general acute care facility, licensed in accordance with the requirements of the California Health Facilities Licensure Act (Health and Safety Code, Sections 1250 et seq.) and the regulations promulgated pursuant thereto, is equipped, staffed and prepared to provide medical services; and

WHEREAS, HOSPITAL currently contracts with the California Department of Health Care Services (DHCS) for the provision of Medi-Cal services; and

WHEREAS, HOSPITAL also meets the criteria to be eligible for payments from the Private Hospital Supplemental Fund established pursuant to Welfare and Institutions Code Section 14166.12(b); and

WHEREAS, COUNTY may transfer funds to DHCS for deposit into the Private Hospital Supplemental Fund pursuant to Section 433.51 of Title 42 of the Code of Federal Regulations and Welfare and Institutions Code Section 14166.12(e); and

WHEREAS, DHCS shall use transferred funds to obtain federal financial participation for distribution in all or part to HOSPITAL; and

WHEREAS, COUNTY is agreeable to transferring funds on behalf of HOSPITAL to DHCS; and

WHEREAS, HOSPITAL is agreeable to the rendering of such services on the terms and conditions hereinafter set forth:

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

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REFERENCED CONTRACT PROVISIONS

Allocation Period: May 18, 2010 through December 31, 2010

Total Maximum Obligation: **$40,000**

Basis for Reimbursement: Negotiated Amount
Payment Method: Intergovernmental Transfer to California Department of Health Care Services

Notices to COUNTY and CONTRACTOR:

COUNTY: County of Orange
Health Care Agency
Manager of Operations
Medical and Institutional Health Services Operations
405 West 5th Street, Room 718
Santa Ana, CA 92701-4637

HOSPITAL: Attention: Patricia Henry, CFO
COASTAL COMMUNITIES HOSPITAL, INC., A CALIFORNIA CORPORATION dba COASTAL COMMUNITIES HOSPITAL, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.
2701 South Bristol Street
Santa Ana, CA 92704

HOSPITAL'S Insurance Coverages:

Coverage	Minimum Limits
Workers' Compensation	Statutory
Employer's Liability	$1,000,000
Professional Liability	$3,000,000
Comprehensive General Liability Insurance	$5,000,000

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I. ALLOCATION PERIOD

A. The allocation period of this Agreement shall commence and terminate as specified on Page 3 of this Agreement, unless otherwise sooner terminated as provided elsewhere in this Agreement; provided, however, the parties shall continue to be obligated to comply with the requirements and perform such duties specified in this Agreement. Such duties include, but are not limited to, obligations with respect to claims processing, reimbursement, confidentiality, indemnification, audits, accounting, and data reporting.

B. Any administrative duty or obligation to be performed pursuant to this Agreement on a weekend or holiday may be performed on the next regular business day.

II. ALTERATION OF TERMS

This Agreement fully expresses all understanding of COUNTY and HOSPITAL with respect to the subject matter of this Agreement, and shall constitute the total Agreement between the parties for these purposes. No addition to, or alteration of, the terms of this Agreement, whether written or verbal, shall be valid unless made in writing and formally approved and executed by both parties.

III. COMPLIANCE

A. COUNTY'S Health Care Agency (HCA) has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.

1. HOSPITAL may adopt HCA'S Compliance Program or establish its own. If HOSPITAL has established its own Compliance Program, HOSPITAL shall acknowledge existence of HCA'S Compliance Program and shall provide certification to ADMINISTRATOR that HOSPITAL shall operate its own Compliance Program and shall ensure that its employees, subcontractors, interns, volunteers, and members of Board of Directors or duly authorized agent, if appropriate, ("Covered Individuals") are made aware of HOSPITAL'S Compliance Program policies and procedures.

2. If HOSPITAL elects to adopt HCA'S Compliance Program, ADMINISTRATOR shall provide HOSPITAL with a copy of the relevant HCA Policies and Procedures relating to the Office of Compliance. HOSPITAL shall ensure that Covered Individuals relative to this Agreement are made aware of these Policies and Procedures.

B. CODE OF CONDUCT – Under the direction of the HCA Office of Compliance, a Code of Conduct for adherence by all HCA employees and contract providers has been developed.

1. Within thirty (30) calendar days of award of this Agreement, HOSPITAL has the option of submitting to ADMINISTRATOR a signed acknowledgement and agreement that HOSPITAL shall comply with the "HCA Contractor Code of Conduct" specified in subparagraph B.3 below or Hospital shall submit a copy of its Code of Conduct to ADMINISTRATOR for review and comparison to federal, state, and COUNTY standards by the HCA Compliance Officer.

2. If HOSPITAL elects to submit a copy of its Code of Conduct, HCA'S Compliance Officer shall advise HOSPITAL of any necessary changes to Hospital's Code of Conduct to meet minimum

standards and HOSPITAL shall either take necessary action to meet said standards or shall be asked to acknowledge and agree to the "HCA Contractor Code of Conduct" specified in subparagraph B.3. below.

3. HCA CONTRACTOR CODE OF CONDUCT – HOSPITAL and its employees and subcontractors shall:

a. Comply with all applicable laws, regulations, rules or guidelines when providing and billing for services specified herein.

b. Use their best efforts to conduct themselves honestly fairly, courteously and with a high degree of integrity in their professional dealings related to this Agreement and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of HOSPITAL and/or COUNTY.

c. Treat COUNTY employees, clients and other COUNTY contractors fairly and with respect.

d. NOT engage in any activity in violation of HCA'S Compliance Program, nor engage in any other conduct which violates any applicable law, regulation, rule or guideline.

e. Take precautions to ensure that claims are prepared and submitted accurately, timely and are consistent with all applicable laws, regulations, rules or guidelines.

f. Ensure that no false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind are submitted.

g. Bill only for eligible services actually rendered and fully documented and use billing codes that accurately describe the services provided.

h. Act promptly to investigate and correct problems if errors in claims or billings are discovered.

i. Promptly report to HCA'S Compliance Officer any activity that HOSPITAL believes may violate the standards of the HCA Compliance Program, or any other applicable law, regulation, rule or guideline.

j. Promptly report to HCA'S Compliance Officer any suspected violation(s) of this HCA Contractor Code of Conduct by COUNTY employees.

k. Consult with HCA'S Compliance Officer if there are any questions or uncertainties of any Compliance Program standard or any other applicable law regulation, rule or guideline.

4. Failure of HOSPITAL to timely submit the acknowledgement of the HCA Contractor Code of Conduct or its own Code of Conduct shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of such notice from ADMINISTRATOR shall constitute grounds for termination of this Agreement as to the non-complying party.

C. HOSPITAL shall screen all Covered Individuals employed or retained to provide services related to this Agreement to ensure that they are not designated as "Ineligible Persons", as defined hereunder. Screening shall be conducted against the General Services Administration's List of Parties Excluded from Federal Programs and the Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities.

1. Ineligible Person shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

2. HOSPITAL shall screen prospective Covered Individuals prior to hire or engagement. HOSPITAL shall not hire or engage any Ineligible Person to provide services relative to this Agreement.

3. HOSPITAL shall screen all current Covered Individuals semi-annually, each January and July unless otherwise authorized in writing by ADMINISTRATOR, to ensure that they have not become Ineligible Persons.

4. Covered Individuals shall be required to disclose to HOSPITAL immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. HOSPITAL shall notify COUNTY immediately upon such disclosure.

5. In addition to screening organizations and vendor under subcontract, HOSPITAL shall also request that its subcontractors warrant that they are eligible to participate in all federal and State of California health programs and have not been excluded or debarred from participation in a federal or state health care programs, and to further warrant to HOSPITAL that they do not have any Ineligible Person in their employ or under contract.

6. HOSPITAL acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with COUNTY in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If HOSPITAL becomes aware that a Covered Individual has become an Ineligible Person, HOSPITAL shall remove such individual from responsibility for, or involvement with, HCA business operations related to this Agreement.

D. REIMBURSEMENT STANDARDS

1. HOSPITAL shall take reasonable precaution to ensure that the coding of health care claims and billing for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and county laws and regulations as well as HCA'S policies and/or agreements with third party payers. This includes compliance with federal and state health care program regulations and procedures or instructions otherwise communicated by regulatory agencies including the Centers for Medicare and Medicaid Services or their agents.

2. HOSPITAL shall not submit false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind.

3. HOSPITAL shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, HOSPITAL shall use only correct billing codes that accurately describe the services provided.

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4. HOSPITAL shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified by anyone.

E. COMPLIANCE TRAINING – ADMINISTRATOR shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.

1. HOSPITAL shall use its best efforts to encourage attendance at Compliance Training by Covered Individuals.

2. Such training will be made available to Covered Individuals within thirty (30) calendar days of employment or engagement.

3. Such training will be made available to each Covered Individual annually.

4. Each Covered Individual attending training shall certify, in writing, attendance at compliance training. HOSPITAL shall retain the certifications. Upon written request by ADMINISTRATOR, HOSPITAL shall provide copies of the certifications.

IV. CONFIDENTIALITY

A. Each party shall use its best efforts to maintain the confidentiality of all records, including billings, claims, and any audio and/or video recordings, in accordance with all applicable state and federal codes and regulations, as they now exist or may hereafter be amended or changed including, but not limited to the Health Insurance Portability and Accountability Act.

B. Prior to providing any services pursuant to this Agreement, all HOSPITAL'S employees, contractors, and members of Board of Directors, or its designee or duly authorized agent(s) shall agree, in writing, with HOSPITAL to use their respective best efforts to maintain, in accordance with applicable laws and regulations, the confidentiality of any and all information and records which may be obtained in the course of providing such services. The agreement shall specify that it is effective irrespective of all subsequent resignations or terminations of HOSPITAL'S employees, contractors, and members of Board of Directors or duly authorized agent.

V. DELEGATION, ASSIGNMENT, AND SUBCONTRACTS

A. HOSPITAL may not delegate the obligations hereunder or assign its rights, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned, or delayed; provided however, obligations undertaken by HOSPITAL pursuant to this Agreement may be carried out by means of contracts, provided such contracts meet the requirements of this Agreement as they relate to the service or activity under contract, include any provisions that ADMINISTRATOR may reasonably require, and are approved in writing by ADMINISTRATOR, which approval shall not be unreasonably conditioned, withheld, or delayed. This provision shall not be applicable to service agreements usually and customarily entered into by HOSPITAL to obtain or arrange for supplies, technical support, or professional services. No contract shall terminate or alter the responsibilities of HOSPITAL to COUNTY pursuant to this Agreement.

B. HOSPITAL may not assign the rights hereunder, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably conditioned, withheld, or delayed. Any change in the control structure, including but not limited to, the sale or transfer of more than fifty percent (50%) of the assets or stock of HOSPITAL, change to another corporate structure, including a change to a sole proprietorship, or a change in fifty percent (50%) or more of HOSPITAL'S directors at one time (six-months or less) shall be deemed an assignment pursuant to this paragraph. Any attempted assignment or delegation in derogation of this subparagraph shall be void.

VI. FACILITIES, PAYMENTS AND SERVICES

COUNTY shall compensate HOSPITAL, and HOSPITAL agrees to provide the services, staffing, facilities, any equipment and supplies, and reports in accordance with this Agreement. HOSPITAL shall use its best efforts to operate continuously throughout the term of this Agreement with at least the minimum number and type of staff which meet applicable state and federal requirements, and which are necessary for the provision of the services hereunder.

VII. INDEMNIFICATION AND INSURANCE

A. HOSPITAL agrees to indemnify, defend and hold COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies for which COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands, including defense costs, or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by HOSPITAL pursuant to this Agreement. If judgment is entered against HOSPITAL and COUNTY by a court of competent jurisdiction because of the concurrent active negligence of COUNTY or COUNTY INDEMNITEES, HOSPITAL and COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

B. Without limiting HOSPITAL'S indemnification, HOSPITAL warrants that it is self-insured or shall maintain in force at all times during the term of this Agreement, the policy or policies of insurance covering its operations placed with reputable insurance companies in amounts as specified on Page 3 of this Agreement. Upon request by ADMINISTRATOR, HOSPITAL shall provide evidence of such insurance.

C. All insurance policies except Workers' Compensation and Employer's Liability shall contain the following clauses:

1. "The County of Orange is included as an additional insured with respect to the operations of the named insured performed under contract with the County of Orange."

2. "It is agreed that any insurance maintained by the County of Orange shall apply in excess of, and not contribute with, insurance provided by this policy."

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3. "This insurance shall not be canceled, limited or non–renewed until after thirty (30) calendar days written notice has been given to Orange County HCA/Manager of Operations, Medical and Institutional Health Services, 405 West 5th Street, Room 718, Santa Ana, CA 92701-4637."

D. Certificates of Insurance and endorsements evidencing the above coverages and clauses shall be mailed to COUNTY as referenced on Page 3 of this Agreement.

VIII. INSPECTIONS AND AUDITS

A. ADMINISTRATOR, any authorized representative of COUNTY, any authorized representative of the State of California, the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States, or any of their authorized representatives, shall have access to any books, documents, and records, including, but not limited to, medical and patient records, of HOSPITAL which such persons deem reasonably pertinent to this Agreement, for the purpose of responding to a patient complaint or, conducting an audit, review, evaluation, or examination, or making transcripts during the periods of retention set forth in the Records Paragraph of this Agreement. The above mentioned persons, may at all reasonable times, inspect or otherwise evaluate the services provided pursuant to this Agreement and the premises in which they are provided; provided, however, such inspections or evaluations shall not interfere with patient care.

1. These audits, reviews, evaluations, or examinations may include, but are not limited to, the following:

a. Level and quality of care, including the necessity and appropriateness of the services provided.

b. Financial records when determined necessary to protect public funds.

c. Internal procedures for assuring efficiency, economy, and quality of care.

d. Grievances relating to medical care, and their disposition, or other types of complaints or problems.

2. ADMINISTRATOR shall provide HOSPITAL with at least fifteen (15) calendar days prior notice of such inspection or evaluation; provided, however, that the California Department of Health Care Services, or duly authorized representative, which may include COUNTY, shall be required to provide at least seventy-two (72) hours notice for its onsite inspections and evaluations. Unannounced inspections, evaluations, or requests for information may be made in those situations where arrangement of an appointment beforehand is not possible or inappropriate due to the nature of the inspection or evaluation.

B. HOSPITAL shall actively participate and cooperate with any person specified in subparagraph A. above in any evaluation of the services provided pursuant to this Agreement, and shall provide the above-mentioned persons adequate office space to conduct such evaluation. Such space must be capable of being locked and secured to protect the work of said persons during the period of their evaluation.

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C. AUDIT RESPONSE

1. Following an audit report, in the event of non-compliance with applicable laws and regulations governing funds provided, or to be provided, through this Agreement, COUNTY may terminate this Agreement or may direct HOSPITAL to immediately implement appropriate corrective action. A plan of correction shall be submitted to ADMINISTRATOR in writing within thirty (30) calendar days after receiving notice from ADMINISTRATOR.

2. If the audit reveals that money is payable from one party to the other, that is, reimbursement by HOSPITAL to COUNTY, or payment of sums due from COUNTY to HOSPITAL, said funds shall be due and payable from one party to the other within sixty (60) calendar days of receipt of the audit results. If reimbursement is due from HOSPITAL to COUNTY, and such reimbursement is not received within said sixty (60) calendar days, COUNTY may, in addition to any other remedies, reduce any amount owed HOSPITAL by an amount not to exceed the reimbursement due COUNTY.

IX. LICENSES AND LAW

A. HOSPITAL, its officers, agents, employees, affiliates, and contractors shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, accreditations, certificates, waivers and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, COUNTY, and any other applicable governmental agencies. HOSPITAL shall notify ADMINISTRATOR immediately and in writing of its inability to obtain or maintain, irrespective of the pendency of any hearings or appeals, such permits, licenses, approvals, certificates, accreditations, waivers and exemptions. Said inability shall be cause for termination of this Agreement.

B. HOSPITAL shall comply with all applicable governmental laws, regulations, or requirements as they exist now or may be hereafter amended or changed.

C. This Agreement is not intended nor shall it be construed to affect, except as expressly provided for herein, COUNTY'S or HOSPITAL'S existing rights, obligations, and responsibilities with respect to care required by or provided to indigent patients; provided, however, that each party's rights and obligations with respect to patients treated hereunder shall be limited to the rights and obligations established and agreed to hereunder.

D. HOSPITAL warrants, to the best of its knowledge, that all hospital-based physicians providing services at HOSPITAL, under this Agreement, are and will continue to be as long as this Agreement remains in effect, the holders of currently valid licenses to practice medicine in the State of California and are members in "good standing" of the medical staff of HOSPITAL'S facility.

E. HOSPITAL warrants that it makes its best effort to fully comply with all federal and state statutes and regulations regarding the employment of aliens and others and that employees performing work under this Agreement meet the citizenship or alien status requirement set forth in federal statutes and regulations. HOSPITAL shall obtain, from all employees performing work hereunder, all verification and

other documentation of employment eligibility status required by federal or state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. HOSPITAL shall retain all such documentation for all covered employees for the period prescribed by the law.

F. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS

1. HOSPITAL agrees to furnish to ADMINISTRATOR within thirty (30) calendar days of the award of this Agreement:

a. In the case of an individual contractor, his/her name, date of birth, Social Security number, and residence address;

b. In the case of a contractor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in the contracting entity;

c. A certification that HOSPITAL has fully complied with all applicable federal and state reporting requirements regarding its employees;

d. A certification that HOSPITAL has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

2. Failure of HOSPITAL to timely submit the data or certifications required by subparagraph 1.a., 1.b., 1.c., or 1.d. above, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from COUNTY shall constitute grounds for termination of this Agreement as to the non-complying party.

3. It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, as permitted by federal and state statutes.

X. NONDISCRIMINATION

A. EMPLOYMENT

1. During the performance of this Agreement, HOSPITAL shall not unlawfully discriminate against any employee or applicant for employment because of his or her ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. HOSPITAL shall warrant that the evaluation and treatment of employees and applicants for employment is free from discrimination in the areas of: employment; promotion; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. There shall be posted, in conspicuous places, available to employees and applicants for employment, notices from ADMINISTRATOR and/or the United States Equal Employment Opportunity Commission setting forth the provisions of the Equal Opportunity Clause.

2. All solicitations or advertisements for employees placed by or on behalf of HOSPITAL and its contractors shall state that all qualified applicants will receive consideration for employment without regard to ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. Such requirement shall be deemed fulfilled by use of the phrase "an equal opportunity employer."

3. HOSPITAL shall give written notice of its obligations under this Equal Opportunity Clause to each labor union with which HOSPITAL has a collective bargaining agreement.

4. Upon a finding of discrimination by the Equal Opportunity Commission, Department of Fair Employment and Housing, or a court of competent jurisdiction, and after exhaustion of any and all appeals, this Agreement may be canceled, terminated or suspended in whole or in part, and HOSPITAL may be declared ineligible for future contracts.

B. SERVICES, BENEFITS, AND FACILITIES - HOSPITAL shall not discriminate in the provision of services, the allocation of benefits, or in the accommodation in facilities on the basis of ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability in accordance with Title VI of the Civil Rights Act of 1964, 42, U.S.C.A. §2000d and all other pertinent rules and regulations promulgated pursuant thereto, and as otherwise provided by state law and regulations, as all may now exist or be hereafter amended or changed.

C. PERSONS WITH DISABILITIES - HOSPITAL agrees to comply with the provisions of §504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 794 et seq., as implemented in 45 CFR 84.1 et seq.), and the Americans with Disabilities Act of 1990 (42 U.S.C.A. 12101, et seq.), pertaining to the prohibition of discrimination against qualified persons with disabilities as they exist now or may be hereafter amended together with succeeding legislation.

D. RETALIATION - Neither HOSPITAL, nor its employees or agents shall intimidate, coerce, or take adverse action against any person for the purpose of interfering with rights secured by federal or state laws, or because such person has filed a complaint, certified, assisted, or otherwise participated in an investigation, proceeding, hearing or any other activity undertaken to enforce rights secured by federal or state law.

XI. NOTICES

A. Unless otherwise specified in this Agreement, all notices, claims, correspondence, reports, and/or statements authorized or required by this Agreement, shall be effective:

1. When delivered personally; or

2. Three (3) days from the date sent by certified or registered mail in the United States Postal Service, return receipt requested, postage prepaid, or first class postage prepaid, and addressed as specified on Page 3 of this Agreement; or

3. When faxed, transmission confirmed; or

4. When sent by electronic mail; or

5. When delivered by United States Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

B. Termination Notices shall be addressed as specified on Page 3 of this Agreement, and shall be effective when faxed, transmission confirmed, or when delivered by U.S. Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

C. Any party to this Agreement may change the address at which it wishes to receive notice by giving notice to the other party in the manner set forth above. For purposes of this Agreement, any notice to be provided by COUNTY may be given by ADMINISTRATOR.

XII. RECORDS

A. HOSPITAL shall maintain records that are adequate for the California Department of Health Services to substantiate the services for which claims are submitted for reimbursement as funded under this Agreement and the charges thereto. Such records shall include, but not be limited to, individual patient charts and utilization review records.

B. RECORDS RETENTION

1. All records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange, for a period of seven (7) years after final payment under this Agreement.

2. Records which relate to litigation or settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by COUNTY or state or federal governments, shall be retained by HOSPITAL until disposition of such appeals, litigation, claims or exceptions is completed.

XIII. RESPONSIBILITIES OF COUNTY

A. Following execution of this Agreement by the Orange County Board of Supervisors, COUNTY shall transfer $40,000 to the California Department of Health Care Services (DHCS) for deposit into the Private Hospital Supplemental Fund.

B. Pursuant to Welfare and Institutions (W&I) Code 14166.12(f), DHCS shall utilize the non-federal funds provided by COUNTY to obtain federal financial participation including Federal Medical Assistance Percentage (FMAP) and federal financial participation to the full extent permitted by law, which amount COUNTY anticipates to be $78,105.

C. COUNTY shall recommend to the California Medical Assistance Commission (CMAC), responsible for negotiating Private Hospital Supplemental Funds with HOSPITAL, that HOSPITAL also receive the twenty-five percent (25%) balance of the amount deposited plus the corresponding federal financial participation plus the FMAP, anticipated to be $20,000. HOSPITAL understands that COUNTY

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may only make a recommendation regarding these funds and that final determination regarding distribution of these funds rests with CMAC.

XIV. RESPONSIBILITIES OF HOSPITAL

As a condition for HOSPITAL to receive funds specified in Paragraph XIII above, HOSPITAL shall:

A. Operate as an acute care hospital for Medi-Cal patients, regardless of ability to pay, and continually meet all applicable standards established in Title 22 as they now exist or may be hereafter amended.

B. Maintain designation as a Paramedic Receiving Center by the Local Emergency Medical Services (EMS) Agency pursuant through December 31, 2010.

C. Provide Paramedic Receiving Center Services and other hospital services to all patients, including Medi-Cal patients, regardless of age or ability to pay, through December 31, 2010.

D. Submit relevant and pertinent data as requested by the Local EMS Agency that complies with state and local EMS data requirements.

E. Agree that no portion of funds received by HOSPITAL from CMAC as approved by this Agreement shall be returned to any government or quasi-governmental agency.

XV. SEVERABILITY

If a court of competent jurisdiction declares any provision of this Agreement or application thereof to any person or circumstances to be invalid or if any provision of this Agreement contravenes any federal, state, or county statutes, ordinance, or regulation, the remaining provisions of this Agreement or the application thereof shall remain valid, and the remaining provisions of this Agreement shall remain in full force and effect, and to that extent the provisions of this Agreement are severable, unless to do so would defeat an essential business purpose of this Agreement.

XVI. STATUS OF PARTIES

A. Each party is, and shall at all times be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this Agreement. Each party is entirely responsible for compensating staff and consultants employed by that party. This Agreement shall not be construed as creating the relationship of employer and employee, or principal and agent, between COUNTY and HOSPITAL or of either party's employees, agents, consultants, or contractors. Each party assumes exclusively the responsibility for the acts of its employees, agents, consultants, or contractors as they relate to the services to be provided during the course and scope of their employment or respective contracts.

B. COUNTY shall neither have, nor exercise, any control or direction over the methods by which HOSPITAL shall perform its obligations under this Agreement. The standards of medical care and professional duties of HOSPITAL'S employees performing medical services under this Agreement shall

be determined, as applicable, by HOSPITAL'S Board of Directors and the standards of care in the community in which HOSPITAL is located, and all applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of HOSPITAL.

XVII. TERM

The term of this Agreement shall commence and terminate as specified on Page 3 of this Agreement; provided, however, CONTRACTOR shall be obligated to perform such duties as would normally extend beyond this term, including but not limited to, obligations with respect to confidentiality, indemnification, audits, reporting and accounting.

XVIII. TERMINATION

A. Neither party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment deemed resulting, directly or indirectly, from Acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or suppliers, vandalism, strikes or other work interruptions by a party's officers, agents, employees, affiliates, or contractors, or any similar cause beyond the reasonable control of any party to this Agreement. However, all parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.

B. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence of any of the following events:

1. The loss by HOSPITAL of legal capacity.
2. Cessation of services.
3. The loss of accreditation or any license required by the Licenses and Law paragraph of this Agreement.

C. After receiving a Notice of Termination, HOSPITAL shall do the following:

1. Comply with termination instructions provided by ADMINISTRATOR in a manner that is consistent with recognized standards of quality care and prudent business practice for hospitals in the communities in which HOSPITAL is located.
2. Obtain immediate clarification from ADMINISTRATOR of any unsettled issues of contract performance during the remaining allocation period.
3. Until the date of termination, continue to provide the same level of service required by this Agreement.
4. Until the date of termination, continue to be reimbursed by COUNTY for provision of services specified herein.
5. If patients are to be transferred to another facility for services, furnish ADMINISTRATOR, upon request, all patient information and records deemed necessary by ADMINISTRATOR to effect an orderly transfer.

6. Assist ADMINISTRATOR in effecting the transfer of patients in a manner consistent with their best interests.

D. The rights and remedies of COUNTY and HOSPITAL provided in this Termination paragraph shall not be exclusive, and are in addition to any other rights and remedies provided by law or under this Agreement.

XIX. THIRD PARTY BENEFICIARY

No party hereto intends that this Agreement shall create rights hereunder in third parties including, but not limited to, any contractors or any patients provided services hereunder.

XX. WAIVER OF DEFAULT OR BREACH

Waiver by either party of any default by the other party shall not be considered a waiver of any other or subsequent default. Waiver by either party of any breach by the other party of any provision of this Agreement shall not be considered a waiver of any other or subsequent breach. Waiver by the other party of any default or any breach by the other party shall not be considered a modification of the terms of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement, in the County of Orange, State of California.

COASTAL COMMUNITIES HOSPITAL, INC., A CALIFORNIA CORPORATION dba COASTAL COMMUNITIES HOSPITAL, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

COUNTY OF ORANGE

BY: _____
CHAIR OF THE BOARD
OF SUPERVISORS

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIR OF THE BOARD PER G.C. SEC. 25103, RESO 79-1535
ATTEST:

BY: _____
DARLENE J. BLOOM
Clerk of the Board of Supervisors
of Orange County, California

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

BY: Christopher J. Miller
DEPUTY

DATED: 4/14/10

If Contractor is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. If the Agreement is signed by one (1) authorized individual only, a copy of the corporate resolution or by-laws whereby the board of directors has empowered said authorized individual to act on its behalf by his or her signature alone is required

AGREEMENT FOR PROVISION OF INTERGOVERNMENTAL TRANSFER FUNDS BETWEEN COUNTY OF ORANGE AND FOUNTAIN VALLEY REGIONAL HOSPITAL AND MEDICAL CENTER dba FOUNTAIN VALLEY REGIONAL HOSPITAL

MAY 18, 2010 THROUGH DECEMBER 31, 2010

THIS AGREEMENT (Agreement) entered into this 18th day of May 2010, which date is enumerated for purposes of reference only, is by and between the COUNTY OF ORANGE (COUNTY) and FOUNTAIN VALLEY REGIONAL HOSPITAL AND MEDICAL CENTER dba FOUNTAIN VALLEY REGIONAL HOSPITAL (HOSPITAL). This Agreement shall be administered by the County of Orange Health Care Agency (ADMINISTRATOR).

W I T N E S S E T H:

WHEREAS, HOSPITAL, a general acute care facility, licensed in accordance with the requirements of the California Health Facilities Licensure Act (Health and Safety Code, Sections 1250 et seq.) and the regulations promulgated pursuant thereto, is equipped, staffed and prepared to provide medical services; and

WHEREAS, HOSPITAL currently contracts with the California Department of Health Care Services (DHCS) for the provision of Medi-Cal services; and

WHEREAS, HOSPITAL also meets the criteria to be eligible for payments from the Private Hospital Supplemental Fund established pursuant to Welfare and Institutions Code Section 14166.12(b); and

WHEREAS, COUNTY may transfer funds to DHCS for deposit into the Private Hospital Supplemental Fund pursuant to Section 433.51 of Title 42 of the Code of Federal Regulations and Welfare and Institutions Code Section 14166.12(e); and

WHEREAS, DHCS shall use transferred funds to obtain federal financial participation for distribution in all or part to HOSPITAL; and

WHEREAS, COUNTY is agreeable to transferring funds on behalf of HOSPITAL to DHCS; and

WHEREAS, HOSPITAL is agreeable to the rendering of such services on the terms and conditions hereinafter set forth:

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

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REFERENCED CONTRACT PROVISIONS

Allocation Period: May 18, 2010 through December 31, 2010

Total Maximum Obligation: **$110,000**

Basis for Reimbursement: Negotiated Amount

Payment Method: Intergovernmental Transfer to California Department of Health Care Services

Notices to COUNTY and CONTRACTOR:

COUNTY:
County of Orange
Health Care Agency
Manager of Operations
Medical and Institutional Health Services Operations
405 West 5th Street, Room 718
Santa Ana, CA 92701-4637

HOSPITAL:
Attention: Jon Zilkow, CFO
FOUNTAIN VALLEY REGIONAL HOSPITAL AND MEDICAL CENTER dba FOUNTAIN VALLEY REGIONAL HOSPITAL
17100 Euclid Street
Fountain Valley, CA 92708

HOSPITAL'S Insurance Coverages:

Coverage	Minimum Limits
Workers' Compensation	Statutory
Employer's Liability	$1,000,000
Professional Liability	$3,000,000
Comprehensive General Liability Insurance	$5,000,000

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I. ALLOCATION PERIOD

A. The allocation period of this Agreement shall commence and terminate as specified on Page 3 of this Agreement, unless otherwise sooner terminated as provided elsewhere in this Agreement; provided, however, the parties shall continue to be obligated to comply with the requirements and perform such duties specified in this Agreement. Such duties include, but are not limited to, obligations with respect to claims processing, reimbursement, confidentiality, indemnification, audits, accounting, and data reporting.

B. Any administrative duty or obligation to be performed pursuant to this Agreement on a weekend or holiday may be performed on the next regular business day.

II. ALTERATION OF TERMS

This Agreement fully expresses all understanding of COUNTY and HOSPITAL with respect to the subject matter of this Agreement, and shall constitute the total Agreement between the parties for these purposes. No addition to, or alteration of, the terms of this Agreement, whether written or verbal, shall be valid unless made in writing and formally approved and executed by both parties.

III. COMPLIANCE

A. COUNTY'S Health Care Agency (HCA) has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.

1. HOSPITAL may adopt HCA'S Compliance Program or establish its own. If HOSPITAL has established its own Compliance Program, HOSPITAL shall acknowledge existence of HCA'S Compliance Program and shall provide certification to ADMINISTRATOR that HOSPITAL shall operate its own Compliance Program and shall ensure that its employees, subcontractors, interns, volunteers, and members of Board of Directors or duly authorized agent, if appropriate, ("Covered Individuals") are made aware of HOSPITAL'S Compliance Program policies and procedures.

2. If HOSPITAL elects to adopt HCA'S Compliance Program, ADMINISTRATOR shall provide HOSPITAL with a copy of the relevant HCA Policies and Procedures relating to the Office of Compliance. HOSPITAL shall ensure that Covered Individuals relative to this Agreement are made aware of these Policies and Procedures.

B. CODE OF CONDUCT – Under the direction of the HCA Office of Compliance, a Code of Conduct for adherence by all HCA employees and contract providers has been developed.

1. Within thirty (30) calendar days of award of this Agreement, HOSPITAL has the option of submitting to ADMINISTRATOR a signed acknowledgement and agreement that HOSPITAL shall comply with the "HCA Contractor Code of Conduct" specified in subparagraph B.3 below or Hospital shall submit a copy of its Code of Conduct to ADMINISTRATOR for review and comparison to federal, state, and COUNTY standards by the HCA Compliance Officer.

2. If HOSPITAL elects to submit a copy of its Code of Conduct, HCA'S Compliance Officer shall advise HOSPITAL of any necessary changes to Hospital's Code of Conduct to meet minimum

standards and HOSPITAL shall either take necessary action to meet said standards or shall be asked to acknowledge and agree to the "HCA Contractor Code of Conduct" specified in subparagraph B.3. below.

3. HCA CONTRACTOR CODE OF CONDUCT – HOSPITAL and its employees and subcontractors shall:

a. Comply with all applicable laws, regulations, rules or guidelines when providing and billing for services specified herein.

b. Use their best efforts to conduct themselves honestly fairly, courteously and with a high degree of integrity in their professional dealings related to this Agreement and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of HOSPITAL and/or COUNTY.

c. Treat COUNTY employees, clients and other COUNTY contractors fairly and with respect.

d. NOT engage in any activity in violation of HCA'S Compliance Program, nor engage in any other conduct which violates any applicable law, regulation, rule or guideline.

e. Take precautions to ensure that claims are prepared and submitted accurately, timely and are consistent with all applicable laws, regulations, rules or guidelines.

f. Ensure that no false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind are submitted.

g. Bill only for eligible services actually rendered and fully documented and use billing codes that accurately describe the services provided.

h. Act promptly to investigate and correct problems if errors in claims or billings are discovered.

i. Promptly report to HCA'S Compliance Officer any activity that HOSPITAL believes may violate the standards of the HCA Compliance Program, or any other applicable law, regulation, rule or guideline.

j. Promptly report to HCA'S Compliance Officer any suspected violation(s) of this HCA Contractor Code of Conduct by COUNTY employees.

k. Consult with HCA'S Compliance Officer if there are any questions or uncertainties of any Compliance Program standard or any other applicable law regulation, rule or guideline.

4. Failure of HOSPITAL to timely submit the acknowledgement of the HCA Contractor Code of Conduct or its own Code of Conduct shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of such notice from ADMINISTRATOR shall constitute grounds for termination of this Agreement as to the non-complying party.

C. HOSPITAL shall screen all Covered Individuals employed or retained to provide services related to this Agreement to ensure that they are not designated as "Ineligible Persons", as defined hereunder. Screening shall be conducted against the General Services Administration's List of Parties Excluded from Federal Programs and the Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities.

1. Ineligible Person shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

2. HOSPITAL shall screen prospective Covered Individuals prior to hire or engagement. HOSPITAL shall not hire or engage any Ineligible Person to provide services relative to this Agreement.

3. HOSPITAL shall screen all current Covered Individuals semi-annually, each January and July unless otherwise authorized in writing by ADMINISTRATOR, to ensure that they have not become Ineligible Persons.

4. Covered Individuals shall be required to disclose to HOSPITAL immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. HOSPITAL shall notify COUNTY immediately upon such disclosure.

5. In addition to screening organizations and vendor under subcontract, HOSPITAL shall also request that its subcontractors warrant that they are eligible to participate in all federal and State of California health programs and have not been excluded or debarred from participation in a federal or state health care programs, and to further warrant to HOSPITAL that they do not have any Ineligible Person in their employ or under contract.

6. HOSPITAL acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with COUNTY in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If HOSPITAL becomes aware that a Covered Individual has become an Ineligible Person, HOSPITAL shall remove such individual from responsibility for, or involvement with, HCA business operations related to this Agreement.

D. REIMBURSEMENT STANDARDS

1. HOSPITAL shall take reasonable precaution to ensure that the coding of health care claims and billing for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and county laws and regulations as well as HCA'S policies and/or agreements with third party payers. This includes compliance with federal and state health care program regulations and procedures or instructions otherwise communicated by regulatory agencies including the Centers for Medicare and Medicaid Services or their agents.

2. HOSPITAL shall not submit false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind.

3. HOSPITAL shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, HOSPITAL shall use only correct billing codes that accurately describe the services provided.

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4. HOSPITAL shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified by anyone.

E. COMPLIANCE TRAINING – ADMINISTRATOR shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.

1. HOSPITAL shall use its best efforts to encourage attendance at Compliance Training by Covered Individuals.

2. Such training will be made available to Covered Individuals within thirty (30) calendar days of employment or engagement.

3. Such training will be made available to each Covered Individual annually.

4. Each Covered Individual attending training shall certify, in writing, attendance at compliance training. HOSPITAL shall retain the certifications. Upon written request by ADMINISTRATOR, HOSPITAL shall provide copies of the certifications.

IV. CONFIDENTIALITY

A. Each party shall use its best efforts to maintain the confidentiality of all records, including billings, claims, and any audio and/or video recordings, in accordance with all applicable state and federal codes and regulations, as they now exist or may hereafter be amended or changed including, but not limited to the Health Insurance Portability and Accountability Act.

B. Prior to providing any services pursuant to this Agreement, all HOSPITAL'S employees, contractors, and members of Board of Directors, or its designee or duly authorized agent(s) shall agree, in writing, with HOSPITAL to use their respective best efforts to maintain, in accordance with applicable laws and regulations, the confidentiality of any and all information and records which may be obtained in the course of providing such services. The agreement shall specify that it is effective irrespective of all subsequent resignations or terminations of HOSPITAL'S employees, contractors, and members of Board of Directors or duly authorized agent.

V. DELEGATION, ASSIGNMENT, AND SUBCONTRACTS

A. HOSPITAL may not delegate the obligations hereunder or assign its rights, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned, or delayed; provided however, obligations undertaken by HOSPITAL pursuant to this Agreement may be carried out by means of contracts, provided such contracts meet the requirements of this Agreement as they relate to the service or activity under contract, include any provisions that ADMINISTRATOR may reasonably require, and are approved in writing by ADMINISTRATOR, which approval shall not be unreasonably conditioned, withheld, or delayed. This provision shall not be applicable to service agreements usually and customarily entered into by HOSPITAL to obtain or arrange for supplies, technical support, or professional services. No contract shall terminate or alter the responsibilities of HOSPITAL to COUNTY pursuant to this Agreement.

B. HOSPITAL may not assign the rights hereunder, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably conditioned, withheld, or delayed. Any change in the control structure, including but not limited to, the sale or transfer of more than fifty percent (50%) of the assets or stock of HOSPITAL, change to another corporate structure, including a change to a sole proprietorship, or a change in fifty percent (50%) or more of HOSPITAL'S directors at one time (six-months or less) shall be deemed an assignment pursuant to this paragraph. Any attempted assignment or delegation in derogation of this subparagraph shall be void.

VI. FACILITIES, PAYMENTS AND SERVICES

COUNTY shall compensate HOSPITAL, and HOSPITAL agrees to provide the services, staffing, facilities, any equipment and supplies, and reports in accordance with this Agreement. HOSPITAL shall use its best efforts to operate continuously throughout the term of this Agreement with at least the minimum number and type of staff which meet applicable state and federal requirements, and which are necessary for the provision of the services hereunder.

VII. INDEMNIFICATION AND INSURANCE

A. HOSPITAL agrees to indemnify, defend and hold COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies for which COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands, including defense costs, or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by HOSPITAL pursuant to this Agreement. If judgment is entered against HOSPITAL and COUNTY by a court of competent jurisdiction because of the concurrent active negligence of COUNTY or COUNTY INDEMNITEES, HOSPITAL and COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

B. Without limiting HOSPITAL'S indemnification, HOSPITAL warrants that it is self-insured or shall maintain in force at all times during the term of this Agreement, the policy or policies of insurance covering its operations placed with reputable insurance companies in amounts as specified on Page 3 of this Agreement. Upon request by ADMINISTRATOR, HOSPITAL shall provide evidence of such insurance.

C. All insurance policies except Workers' Compensation and Employer's Liability shall contain the following clauses:

1. "The County of Orange is included as an additional insured with respect to the operations of the named insured performed under contract with the County of Orange."

2. "It is agreed that any insurance maintained by the County of Orange shall apply in excess of, and not contribute with, insurance provided by this policy."

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3. "This insurance shall not be canceled, limited or non–renewed until after thirty (30) calendar days written notice has been given to Orange County HCA/Manager of Operations, Medical and Institutional Health Services, 405 West 5th Street, Room 718, Santa Ana, CA 92701-4637."

D. Certificates of Insurance and endorsements evidencing the above coverages and clauses shall be mailed to COUNTY as referenced on Page 3 of this Agreement.

VIII. INSPECTIONS AND AUDITS

A. ADMINISTRATOR, any authorized representative of COUNTY, any authorized representative of the State of California, the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States, or any of their authorized representatives, shall have access to any books, documents, and records, including, but not limited to, medical and patient records, of HOSPITAL which such persons deem reasonably pertinent to this Agreement, for the purpose of responding to a patient complaint or, conducting an audit, review, evaluation, or examination, or making transcripts during the periods of retention set forth in the Records Paragraph of this Agreement. The above mentioned persons, may at all reasonable times, inspect or otherwise evaluate the services provided pursuant to this Agreement and the premises in which they are provided; provided, however, such inspections or evaluations shall not interfere with patient care.

1. These audits, reviews, evaluations, or examinations may include, but are not limited to, the following:

a. Level and quality of care, including the necessity and appropriateness of the services provided.

b. Financial records when determined necessary to protect public funds.

c. Internal procedures for assuring efficiency, economy, and quality of care.

d. Grievances relating to medical care, and their disposition, or other types of complaints or problems.

2. ADMINISTRATOR shall provide HOSPITAL with at least fifteen (15) calendar days prior notice of such inspection or evaluation; provided, however, that the California Department of Health Care Services, or duly authorized representative, which may include COUNTY, shall be required to provide at least seventy-two (72) hours notice for its onsite inspections and evaluations. Unannounced inspections, evaluations, or requests for information may be made in those situations where arrangement of an appointment beforehand is not possible or inappropriate due to the nature of the inspection or evaluation.

B. HOSPITAL shall actively participate and cooperate with any person specified in subparagraph A. above in any evaluation of the services provided pursuant to this Agreement, and shall provide the above-mentioned persons adequate office space to conduct such evaluation. Such space must be capable of being locked and secured to protect the work of said persons during the period of their evaluation.

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C. AUDIT RESPONSE

1. Following an audit report, in the event of non-compliance with applicable laws and regulations governing funds provided, or to be provided, through this Agreement, COUNTY may terminate this Agreement or may direct HOSPITAL to immediately implement appropriate corrective action. A plan of correction shall be submitted to ADMINISTRATOR in writing within thirty (30) calendar days after receiving notice from ADMINISTRATOR.

2. If the audit reveals that money is payable from one party to the other, that is, reimbursement by HOSPITAL to COUNTY, or payment of sums due from COUNTY to HOSPITAL, said funds shall be due and payable from one party to the other within sixty (60) calendar days of receipt of the audit results. If reimbursement is due from HOSPITAL to COUNTY, and such reimbursement is not received within said sixty (60) calendar days, COUNTY may, in addition to any other remedies, reduce any amount owed HOSPITAL by an amount not to exceed the reimbursement due COUNTY.

IX. LICENSES AND LAW

A. HOSPITAL, its officers, agents, employees, affiliates, and contractors shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, accreditations, certificates, waivers and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, COUNTY, and any other applicable governmental agencies. HOSPITAL shall notify ADMINISTRATOR immediately and in writing of its inability to obtain or maintain, irrespective of the pendency of any hearings or appeals, such permits, licenses, approvals, certificates, accreditations, waivers and exemptions. Said inability shall be cause for termination of this Agreement.

B. HOSPITAL shall comply with all applicable governmental laws, regulations, or requirements as they exist now or may be hereafter amended or changed.

C. This Agreement is not intended nor shall it be construed to affect, except as expressly provided for herein, COUNTY'S or HOSPITAL'S existing rights, obligations, and responsibilities with respect to care required by or provided to indigent patients; provided, however, that each party's rights and obligations with respect to patients treated hereunder shall be limited to the rights and obligations established and agreed to hereunder.

D. HOSPITAL warrants, to the best of its knowledge, that all hospital-based physicians providing services at HOSPITAL, under this Agreement, are and will continue to be as long as this Agreement remains in effect, the holders of currently valid licenses to practice medicine in the State of California and are members in "good standing" of the medical staff of HOSPITAL'S facility.

E. HOSPITAL warrants that it makes its best effort to fully comply with all federal and state statutes and regulations regarding the employment of aliens and others and that employees performing work under this Agreement meet the citizenship or alien status requirement set forth in federal statutes and regulations. HOSPITAL shall obtain, from all employees performing work hereunder, all verification and

other documentation of employment eligibility status required by federal or state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. HOSPITAL shall retain all such documentation for all covered employees for the period prescribed by the law.

F. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS

1. HOSPITAL agrees to furnish to ADMINISTRATOR within thirty (30) calendar days of the award of this Agreement:

a. In the case of an individual contractor, his/her name, date of birth, Social Security number, and residence address;

b. In the case of a contractor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in the contracting entity;

c. A certification that HOSPITAL has fully complied with all applicable federal and state reporting requirements regarding its employees;

d. A certification that HOSPITAL has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

2. Failure of HOSPITAL to timely submit the data or certifications required by subparagraph 1.a., 1.b., 1.c., or 1.d. above, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from COUNTY shall constitute grounds for termination of this Agreement as to the non-complying party.

3. It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, as permitted by federal and state statutes.

X. NONDISCRIMINATION

A. EMPLOYMENT

1. During the performance of this Agreement, HOSPITAL shall not unlawfully discriminate against any employee or applicant for employment because of his or her ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. HOSPITAL shall warrant that the evaluation and treatment of employees and applicants for employment is free from discrimination in the areas of: employment; promotion; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. There shall be posted, in conspicuous places, available to employees and applicants for employment, notices from ADMINISTRATOR and/or the United States Equal Employment Opportunity Commission setting forth the provisions of the Equal Opportunity Clause.

2. All solicitations or advertisements for employees placed by or on behalf of HOSPITAL and its contractors shall state that all qualified applicants will receive consideration for employment without regard to ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. Such requirement shall be deemed fulfilled by use of the phrase "an equal opportunity employer."

3. HOSPITAL shall give written notice of its obligations under this Equal Opportunity Clause to each labor union with which HOSPITAL has a collective bargaining agreement.

4. Upon a finding of discrimination by the Equal Opportunity Commission, Department of Fair Employment and Housing, or a court of competent jurisdiction, and after exhaustion of any and all appeals, this Agreement may be canceled, terminated or suspended in whole or in part, and HOSPITAL may be declared ineligible for future contracts.

B. SERVICES, BENEFITS, AND FACILITIES - HOSPITAL shall not discriminate in the provision of services, the allocation of benefits, or in the accommodation in facilities on the basis of ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability in accordance with Title VI of the Civil Rights Act of 1964, 42, U.S.C.A. §2000d and all other pertinent rules and regulations promulgated pursuant thereto, and as otherwise provided by state law and regulations, as all may now exist or be hereafter amended or changed.

C. PERSONS WITH DISABILITIES - HOSPITAL agrees to comply with the provisions of §504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 794 et seq., as implemented in 45 CFR 84.1 et seq.), and the Americans with Disabilities Act of 1990 (42 U.S.C.A. 12101, et seq.), pertaining to the prohibition of discrimination against qualified persons with disabilities as they exist now or may be hereafter amended together with succeeding legislation.

D. RETALIATION - Neither HOSPITAL, nor its employees or agents shall intimidate, coerce, or take adverse action against any person for the purpose of interfering with rights secured by federal or state laws, or because such person has filed a complaint, certified, assisted, or otherwise participated in an investigation, proceeding, hearing or any other activity undertaken to enforce rights secured by federal or state law.

XI. NOTICES

A. Unless otherwise specified in this Agreement, all notices, claims, correspondence, reports, and/or statements authorized or required by this Agreement, shall be effective:

1. When delivered personally; or

2. Three (3) days from the date sent by certified or registered mail in the United States Postal Service, return receipt requested, postage prepaid, or first class postage prepaid, and addressed as specified on Page 3 of this Agreement; or

3. When faxed, transmission confirmed; or

4. When sent by electronic mail; or

5. When delivered by United States Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

B. Termination Notices shall be addressed as specified on Page 3 of this Agreement, and shall be effective when faxed, transmission confirmed, or when delivered by U.S. Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

C. Any party to this Agreement may change the address at which it wishes to receive notice by giving notice to the other party in the manner set forth above. For purposes of this Agreement, any notice to be provided by COUNTY may be given by ADMINISTRATOR.

XII. RECORDS

A. HOSPITAL shall maintain records that are adequate for the California Department of Health Services to substantiate the services for which claims are submitted for reimbursement as funded under this Agreement and the charges thereto. Such records shall include, but not be limited to, individual patient charts and utilization review records.

B. RECORDS RETENTION

1. All records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange, for a period of seven (7) years after final payment under this Agreement.

2. Records which relate to litigation or settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by COUNTY or state or federal governments, shall be retained by HOSPITAL until disposition of such appeals, litigation, claims or exceptions is completed.

XIII. RESPONSIBILITIES OF COUNTY

A. Following execution of this Agreement by the Orange County Board of Supervisors, COUNTY shall transfer $110,000 to the California Department of Health Care Services (DHCS) for deposit into the Private Hospital Supplemental Fund.

B. Pursuant to Welfare and Institutions (W&I) Code 14166.12(f), DHCS shall utilize the non-federal funds provided by COUNTY to obtain federal financial participation including Federal Medical Assistance Percentage (FMAP) and federal financial participation to the full extent permitted by law, which amount COUNTY anticipates to be $214,788.

C. COUNTY shall recommend to the California Medical Assistance Commission (CMAC), responsible for negotiating Private Hospital Supplemental Funds with HOSPITAL, that HOSPITAL also receive the twenty-five percent (25%) balance of the amount deposited plus the corresponding federal financial participation plus the FMAP, anticipated to be $55,000. HOSPITAL understands that COUNTY

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may only make a recommendation regarding these funds and that final determination regarding distribution of these funds rests with CMAC.

XIV. RESPONSIBILITIES OF HOSPITAL

As a condition for HOSPITAL to receive funds specified in Paragraph XIII above, HOSPITAL shall:

A. Operate as an acute care hospital for Medi-Cal patients, regardless of ability to pay, and continually meet all applicable standards established in Title 22 as they now exist or may be hereafter amended.

B. Maintain designation as a Paramedic Receiving Center by the Local Emergency Medical Services (EMS) Agency pursuant through December 31, 2010.

C. Provide Paramedic Receiving Center Services and other hospital services to all patients, including Medi-Cal patients, regardless of age or ability to pay, through December 31, 2010.

D. Submit relevant and pertinent data as requested by the Local EMS Agency that complies with state and local EMS data requirements.

E. Agree that no portion of funds received by HOSPITAL from CMAC as approved by this Agreement shall be returned to any government or quasi-governmental agency.

XV. SEVERABILITY

If a court of competent jurisdiction declares any provision of this Agreement or application thereof to any person or circumstances to be invalid or if any provision of this Agreement contravenes any federal, state, or county statutes, ordinance, or regulation, the remaining provisions of this Agreement or the application thereof shall remain valid, and the remaining provisions of this Agreement shall remain in full force and effect, and to that extent the provisions of this Agreement are severable, unless to do so would defeat an essential business purpose of this Agreement.

XVI. STATUS OF PARTIES

A. Each party is, and shall at all times be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this Agreement. Each party is entirely responsible for compensating staff and consultants employed by that party. This Agreement shall not be construed as creating the relationship of employer and employee, or principal and agent, between COUNTY and HOSPITAL or of either party's employees, agents, consultants, or contractors. Each party assumes exclusively the responsibility for the acts of its employees, agents, consultants, or contractors as they relate to the services to be provided during the course and scope of their employment or respective contracts.

B. COUNTY shall neither have, nor exercise, any control or direction over the methods by which HOSPITAL shall perform its obligations under this Agreement. The standards of medical care and professional duties of HOSPITAL'S employees performing medical services under this Agreement shall

be determined, as applicable, by HOSPITAL'S Board of Directors and the standards of care in the community in which HOSPITAL is located, and all applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of HOSPITAL.

XVII. TERM

The term of this Agreement shall commence and terminate as specified on Page 3 of this Agreement; provided, however, CONTRACTOR shall be obligated to perform such duties as would normally extend beyond this term, including but not limited to, obligations with respect to confidentiality, indemnification, audits, reporting and accounting.

XVIII. TERMINATION

A. Neither party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment deemed resulting, directly or indirectly, from Acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or suppliers, vandalism, strikes or other work interruptions by a party's officers, agents, employees, affiliates, or contractors, or any similar cause beyond the reasonable control of any party to this Agreement. However, all parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.

B. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence of any of the following events:

1. The loss by HOSPITAL of legal capacity.
2. Cessation of services.
3. The loss of accreditation or any license required by the Licenses and Law paragraph of this Agreement.

C. After receiving a Notice of Termination, HOSPITAL shall do the following:

1. Comply with termination instructions provided by ADMINISTRATOR in a manner that is consistent with recognized standards of quality care and prudent business practice for hospitals in the communities in which HOSPITAL is located.
2. Obtain immediate clarification from ADMINISTRATOR of any unsettled issues of contract performance during the remaining allocation period.
3. Until the date of termination, continue to provide the same level of service required by this Agreement.
4. Until the date of termination, continue to be reimbursed by COUNTY for provision of services specified herein.
5. If patients are to be transferred to another facility for services, furnish ADMINISTRATOR, upon request, all patient information and records deemed necessary by ADMINISTRATOR to effect an orderly transfer.

6. Assist ADMINISTRATOR in effecting the transfer of patients in a manner consistent with their best interests.

D. The rights and remedies of COUNTY and HOSPITAL provided in this Termination paragraph shall not be exclusive, and are in addition to any other rights and remedies provided by law or under this Agreement.

XIX. THIRD PARTY BENEFICIARY

No party hereto intends that this Agreement shall create rights hereunder in third parties including, but not limited to, any contractors or any patients provided services hereunder.

XX. WAIVER OF DEFAULT OR BREACH

Waiver by either party of any default by the other party shall not be considered a waiver of any other or subsequent default. Waiver by either party of any breach by the other party of any provision of this Agreement shall not be considered a waiver of any other or subsequent breach. Waiver by the other party of any default or any breach by the other party shall not be considered a modification of the terms of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement, in the County of Orange, State of California.

FOUNTAIN VALLEY REGIONAL HOSPITAL AND MEDICAL CENTER dba FOUNTAIN VALLEY REGIONAL HOSPITAL

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

COUNTY OF ORANGE

BY: _____
CHAIR OF THE BOARD
OF SUPERVISORS

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIR OF THE BOARD PER G.C. SEC. 25103, RESO 79-1535
ATTEST:

BY: _____
DARLENE J. BLOOM
Clerk of the Board of Supervisors
of Orange County, California

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

BY: Christopher J. Miller
DEPUTY

DATED: 4/14/10

If Contractor is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. If the Agreement is signed by one (1) authorized individual only, a copy of the corporate resolution or by-laws whereby the board of directors has empowered said authorized individual to act on its behalf by his or her signature alone is required

AGREEMENT FOR PROVISION OF
INTERGOVERNMENTAL TRANSFER FUNDS
BETWEEN
COUNTY OF ORANGE
AND
PRIME HEALTHCARE GARDEN GROVE, LLC, DBA GARDEN GROVE
HOSPITAL AND MEDICAL CENTER

MAY 18, 2010 THROUGH DECEMBER 31, 2010

THIS AGREEMENT (Agreement) entered into this 18th day of May 2010, which date is enumerated for purposes of reference only, is by and between the COUNTY OF ORANGE (COUNTY) and PRIME HEALTHCARE GARDEN GROVE, LLC, DBA GARDEN GROVE HOSPITAL AND MEDICAL CENTER (HOSPITAL). This Agreement shall be administered by the County of Orange Health Care Agency (ADMINISTRATOR).

W I T N E S S E T H:

WHEREAS, HOSPITAL, a general acute care facility, licensed in accordance with the requirements of the California Health Facilities Licensure Act (Health and Safety Code, Sections 1250 et seq.) and the regulations promulgated pursuant thereto, is equipped, staffed and prepared to provide medical services; and

WHEREAS, HOSPITAL currently contracts with the California Department of Health Care Services (DHCS) for the provision of Medi-Cal services; and

WHEREAS, HOSPITAL also meets the criteria to be eligible for payments from the Private Hospital Supplemental Fund established pursuant to Welfare and Institutions Code Section 14166.12(b); and

WHEREAS, COUNTY may transfer funds to DHCS for deposit into the Private Hospital Supplemental Fund pursuant to Section 433.51 of Title 42 of the Code of Federal Regulations and Welfare and Institutions Code Section 14166.12(e); and

WHEREAS, DHCS shall use transferred funds to obtain federal financial participation for distribution in all or part to HOSPITAL; and

WHEREAS, COUNTY is agreeable to transferring funds on behalf of HOSPITAL to DHCS; and

WHEREAS, HOSPITAL is agreeable to the rendering of such services on the terms and conditions hereinafter set forth:

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

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REFERENCED CONTRACT PROVISIONS

Allocation Period: May 18, 2010 through December 31, 2010

Total Maximum Obligation: **$275,000**

Basis for Reimbursement: Negotiated Amount
Payment Method: Intergovernmental Transfer to California Department of Health Care Services

Notices to COUNTY and CONTRACTOR:

COUNTY: County of Orange
Health Care Agency
Manager of Operations
Medical and Institutional Health Services Operations
405 West 5th Street, Room 718
Santa Ana, CA 92701-4637

HOSPITAL: Attention: Alan Smith, CFO
PRIME HEALTHCARE GARDEN GROVE, LLC, DBA GARDEN GROVE HOSPITAL AND MEDICAL CENTER
12601 Garden Grove Blvd.
Garden Grove, CA 92843

HOSPITAL'S Insurance Coverages:

Coverage	Minimum Limits
Workers' Compensation	Statutory
Employer's Liability	$1,000,000
Professional Liability	$3,000,000
Comprehensive General Liability Insurance	$5,000,000

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I. ALLOCATION PERIOD

A. The allocation period of this Agreement shall commence and terminate as specified on Page 3 of this Agreement, unless otherwise sooner terminated as provided elsewhere in this Agreement; provided, however, the parties shall continue to be obligated to comply with the requirements and perform such duties specified in this Agreement. Such duties include, but are not limited to, obligations with respect to claims processing, reimbursement, confidentiality, indemnification, audits, accounting, and data reporting.

B. Any administrative duty or obligation to be performed pursuant to this Agreement on a weekend or holiday may be performed on the next regular business day.

II. ALTERATION OF TERMS

This Agreement fully expresses all understanding of COUNTY and HOSPITAL with respect to the subject matter of this Agreement, and shall constitute the total Agreement between the parties for these purposes. No addition to, or alteration of, the terms of this Agreement, whether written or verbal, shall be valid unless made in writing and formally approved and executed by both parties.

III. COMPLIANCE

A. COUNTY'S Health Care Agency (HCA) has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.

1. HOSPITAL may adopt HCA'S Compliance Program or establish its own. If HOSPITAL has established its own Compliance Program, HOSPITAL shall acknowledge existence of HCA'S Compliance Program and shall provide certification to ADMINISTRATOR that HOSPITAL shall operate its own Compliance Program and shall ensure that its employees, subcontractors, interns, volunteers, and members of Board of Directors or duly authorized agent, if appropriate, ("Covered Individuals") are made aware of HOSPITAL'S Compliance Program policies and procedures.

2. If HOSPITAL elects to adopt HCA'S Compliance Program, ADMINISTRATOR shall provide HOSPITAL with a copy of the relevant HCA Policies and Procedures relating to the Office of Compliance. HOSPITAL shall ensure that Covered Individuals relative to this Agreement are made aware of these Policies and Procedures.

B. CODE OF CONDUCT – Under the direction of the HCA Office of Compliance, a Code of Conduct for adherence by all HCA employees and contract providers has been developed.

1. Within thirty (30) calendar days of award of this Agreement, HOSPITAL has the option of submitting to ADMINISTRATOR a signed acknowledgement and agreement that HOSPITAL shall comply with the "HCA Contractor Code of Conduct" specified in subparagraph B.3 below or Hospital shall submit a copy of its Code of Conduct to ADMINISTRATOR for review and comparison to federal, state, and COUNTY standards by the HCA Compliance Officer.

2. If HOSPITAL elects to submit a copy of its Code of Conduct, HCA'S Compliance Officer shall advise HOSPITAL of any necessary changes to Hospital's Code of Conduct to meet minimum

standards and HOSPITAL shall either take necessary action to meet said standards or shall be asked to acknowledge and agree to the "HCA Contractor Code of Conduct" specified in subparagraph B.3. below.

3. HCA CONTRACTOR CODE OF CONDUCT – HOSPITAL and its employees and subcontractors shall:

a. Comply with all applicable laws, regulations, rules or guidelines when providing and billing for services specified herein.

b. Use their best efforts to conduct themselves honestly fairly, courteously and with a high degree of integrity in their professional dealings related to this Agreement and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of HOSPITAL and/or COUNTY.

c. Treat COUNTY employees, clients and other COUNTY contractors fairly and with respect.

d. NOT engage in any activity in violation of HCA'S Compliance Program, nor engage in any other conduct which violates any applicable law, regulation, rule or guideline.

e. Take precautions to ensure that claims are prepared and submitted accurately, timely and are consistent with all applicable laws, regulations, rules or guidelines.

f. Ensure that no false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind are submitted.

g. Bill only for eligible services actually rendered and fully documented and use billing codes that accurately describe the services provided.

h. Act promptly to investigate and correct problems if errors in claims or billings are discovered.

i. Promptly report to HCA'S Compliance Officer any activity that HOSPITAL believes may violate the standards of the HCA Compliance Program, or any other applicable law, regulation, rule or guideline.

j. Promptly report to HCA'S Compliance Officer any suspected violation(s) of this HCA Contractor Code of Conduct by COUNTY employees.

k. Consult with HCA'S Compliance Officer if there are any questions or uncertainties of any Compliance Program standard or any other applicable law regulation, rule or guideline.

4. Failure of HOSPITAL to timely submit the acknowledgement of the HCA Contractor Code of Conduct or its own Code of Conduct shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of such notice from ADMINISTRATOR shall constitute grounds for termination of this Agreement as to the non-complying party.

C. HOSPITAL shall screen all Covered Individuals employed or retained to provide services related to this Agreement to ensure that they are not designated as "Ineligible Persons", as defined hereunder. Screening shall be conducted against the General Services Administration's List of Parties Excluded from Federal Programs and the Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities.

1. Ineligible Person shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

2. HOSPITAL shall screen prospective Covered Individuals prior to hire or engagement. HOSPITAL shall not hire or engage any Ineligible Person to provide services relative to this Agreement.

3. HOSPITAL shall screen all current Covered Individuals semi-annually, each January and July unless otherwise authorized in writing by ADMINISTRATOR, to ensure that they have not become Ineligible Persons.

4. Covered Individuals shall be required to disclose to HOSPITAL immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. HOSPITAL shall notify COUNTY immediately upon such disclosure.

5. In addition to screening organizations and vendor under subcontract, HOSPITAL shall also request that its subcontractors warrant that they are eligible to participate in all federal and State of California health programs and have not been excluded or debarred from participation in a federal or state health care programs, and to further warrant to HOSPITAL that they do not have any Ineligible Person in their employ or under contract.

6. HOSPITAL acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with COUNTY in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If HOSPITAL becomes aware that a Covered Individual has become an Ineligible Person, HOSPITAL shall remove such individual from responsibility for, or involvement with, HCA business operations related to this Agreement.

D. REIMBURSEMENT STANDARDS

1. HOSPITAL shall take reasonable precaution to ensure that the coding of health care claims and billing for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and county laws and regulations as well as HCA'S policies and/or agreements with third party payers. This includes compliance with federal and state health care program regulations and procedures or instructions otherwise communicated by regulatory agencies including the Centers for Medicare and Medicaid Services or their agents.

2. HOSPITAL shall not submit false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind.

3. HOSPITAL shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, HOSPITAL shall use only correct billing codes that accurately describe the services provided.

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4. HOSPITAL shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified by anyone.

E. COMPLIANCE TRAINING – ADMINISTRATOR shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.

1. HOSPITAL shall use its best efforts to encourage attendance at Compliance Training by Covered Individuals.

2. Such training will be made available to Covered Individuals within thirty (30) calendar days of employment or engagement.

3. Such training will be made available to each Covered Individual annually.

4. Each Covered Individual attending training shall certify, in writing, attendance at compliance training. HOSPITAL shall retain the certifications. Upon written request by ADMINISTRATOR, HOSPITAL shall provide copies of the certifications.

IV. CONFIDENTIALITY

A. Each party shall use its best efforts to maintain the confidentiality of all records, including billings, claims, and any audio and/or video recordings, in accordance with all applicable state and federal codes and regulations, as they now exist or may hereafter be amended or changed including, but not limited to the Health Insurance Portability and Accountability Act.

B. Prior to providing any services pursuant to this Agreement, all HOSPITAL'S employees, contractors, and members of Board of Directors, or its designee or duly authorized agent(s) shall agree, in writing, with HOSPITAL to use their respective best efforts to maintain, in accordance with applicable laws and regulations, the confidentiality of any and all information and records which may be obtained in the course of providing such services. The agreement shall specify that it is effective irrespective of all subsequent resignations or terminations of HOSPITAL'S employees, contractors, and members of Board of Directors or duly authorized agent.

V. DELEGATION, ASSIGNMENT, AND SUBCONTRACTS

A. HOSPITAL may not delegate the obligations hereunder or assign its rights, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned, or delayed; provided however, obligations undertaken by HOSPITAL pursuant to this Agreement may be carried out by means of contracts, provided such contracts meet the requirements of this Agreement as they relate to the service or activity under contract, include any provisions that ADMINISTRATOR may reasonably require, and are approved in writing by ADMINISTRATOR, which approval shall not be unreasonably conditioned, withheld, or delayed. This provision shall not be applicable to service agreements usually and customarily entered into by HOSPITAL to obtain or arrange for supplies, technical support, or professional services. No contract shall terminate or alter the responsibilities of HOSPITAL to COUNTY pursuant to this Agreement.

B. HOSPITAL may not assign the rights hereunder, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably conditioned, withheld, or delayed. Any change in the control structure, including but not limited to, the sale or transfer of more than fifty percent (50%) of the assets or stock of HOSPITAL, change to another corporate structure, including a change to a sole proprietorship, or a change in fifty percent (50%) or more of HOSPITAL'S directors at one time (six-months or less) shall be deemed an assignment pursuant to this paragraph. Any attempted assignment or delegation in derogation of this subparagraph shall be void.

VI. FACILITIES, PAYMENTS AND SERVICES

COUNTY shall compensate HOSPITAL, and HOSPITAL agrees to provide the services, staffing, facilities, any equipment and supplies, and reports in accordance with this Agreement. HOSPITAL shall use its best efforts to operate continuously throughout the term of this Agreement with at least the minimum number and type of staff which meet applicable state and federal requirements, and which are necessary for the provision of the services hereunder.

VII. INDEMNIFICATION AND INSURANCE

A. HOSPITAL agrees to indemnify, defend and hold COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies for which COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands, including defense costs, or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by HOSPITAL pursuant to this Agreement. If judgment is entered against HOSPITAL and COUNTY by a court of competent jurisdiction because of the concurrent active negligence of COUNTY or COUNTY INDEMNITEES, HOSPITAL and COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

B. Without limiting HOSPITAL'S indemnification, HOSPITAL warrants that it is self-insured or shall maintain in force at all times during the term of this Agreement, the policy or policies of insurance covering its operations placed with reputable insurance companies in amounts as specified on Page 3 of this Agreement. Upon request by ADMINISTRATOR, HOSPITAL shall provide evidence of such insurance.

C. All insurance policies except Workers' Compensation and Employer's Liability shall contain the following clauses:

1. "The County of Orange is included as an additional insured with respect to the operations of the named insured performed under contract with the County of Orange."

2. "It is agreed that any insurance maintained by the County of Orange shall apply in excess of, and not contribute with, insurance provided by this policy."

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3. "This insurance shall not be canceled, limited or non–renewed until after thirty (30) calendar days written notice has been given to Orange County HCA/Manager of Operations, Medical and Institutional Health Services, 405 West 5th Street, Room 718, Santa Ana, CA 92701-4637."

D. Certificates of Insurance and endorsements evidencing the above coverages and clauses shall be mailed to COUNTY as referenced on Page 3 of this Agreement.

VIII. INSPECTIONS AND AUDITS

A. ADMINISTRATOR, any authorized representative of COUNTY, any authorized representative of the State of California, the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States, or any of their authorized representatives, shall have access to any books, documents, and records, including, but not limited to, medical and patient records, of HOSPITAL which such persons deem reasonably pertinent to this Agreement, for the purpose of responding to a patient complaint or, conducting an audit, review, evaluation, or examination, or making transcripts during the periods of retention set forth in the Records Paragraph of this Agreement. The above mentioned persons, may at all reasonable times, inspect or otherwise evaluate the services provided pursuant to this Agreement and the premises in which they are provided; provided, however, such inspections or evaluations shall not interfere with patient care.

1. These audits, reviews, evaluations, or examinations may include, but are not limited to, the following:

a. Level and quality of care, including the necessity and appropriateness of the services provided.

b. Financial records when determined necessary to protect public funds.

c. Internal procedures for assuring efficiency, economy, and quality of care.

d. Grievances relating to medical care, and their disposition, or other types of complaints or problems.

2. ADMINISTRATOR shall provide HOSPITAL with at least fifteen (15) calendar days prior notice of such inspection or evaluation; provided, however, that the California Department of Health Care Services, or duly authorized representative, which may include COUNTY, shall be required to provide at least seventy-two (72) hours notice for its onsite inspections and evaluations. Unannounced inspections, evaluations, or requests for information may be made in those situations where arrangement of an appointment beforehand is not possible or inappropriate due to the nature of the inspection or evaluation.

B. HOSPITAL shall actively participate and cooperate with any person specified in subparagraph A. above in any evaluation of the services provided pursuant to this Agreement, and shall provide the above-mentioned persons adequate office space to conduct such evaluation. Such space must be capable of being locked and secured to protect the work of said persons during the period of their evaluation.

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C. AUDIT RESPONSE

1. Following an audit report, in the event of non-compliance with applicable laws and regulations governing funds provided, or to be provided, through this Agreement, COUNTY may terminate this Agreement or may direct HOSPITAL to immediately implement appropriate corrective action. A plan of correction shall be submitted to ADMINISTRATOR in writing within thirty (30) calendar days after receiving notice from ADMINISTRATOR.

2. If the audit reveals that money is payable from one party to the other, that is, reimbursement by HOSPITAL to COUNTY, or payment of sums due from COUNTY to HOSPITAL, said funds shall be due and payable from one party to the other within sixty (60) calendar days of receipt of the audit results. If reimbursement is due from HOSPITAL to COUNTY, and such reimbursement is not received within said sixty (60) calendar days, COUNTY may, in addition to any other remedies, reduce any amount owed HOSPITAL by an amount not to exceed the reimbursement due COUNTY.

IX. LICENSES AND LAW

A. HOSPITAL, its officers, agents, employees, affiliates, and contractors shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, accreditations, certificates, waivers and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, COUNTY, and any other applicable governmental agencies. HOSPITAL shall notify ADMINISTRATOR immediately and in writing of its inability to obtain or maintain, irrespective of the pendency of any hearings or appeals, such permits, licenses, approvals, certificates, accreditations, waivers and exemptions. Said inability shall be cause for termination of this Agreement.

B. HOSPITAL shall comply with all applicable governmental laws, regulations, or requirements as they exist now or may be hereafter amended or changed.

C. This Agreement is not intended nor shall it be construed to affect, except as expressly provided for herein, COUNTY'S or HOSPITAL'S existing rights, obligations, and responsibilities with respect to care required by or provided to indigent patients; provided, however, that each party's rights and obligations with respect to patients treated hereunder shall be limited to the rights and obligations established and agreed to hereunder.

D. HOSPITAL warrants, to the best of its knowledge, that all hospital-based physicians providing services at HOSPITAL, under this Agreement, are and will continue to be as long as this Agreement remains in effect, the holders of currently valid licenses to practice medicine in the State of California and are members in “good standing” of the medical staff of HOSPITAL’S facility.

E. HOSPITAL warrants that it makes its best effort to fully comply with all federal and state statutes and regulations regarding the employment of aliens and others and that employees performing work under this Agreement meet the citizenship or alien status requirement set forth in federal statutes and regulations. HOSPITAL shall obtain, from all employees performing work hereunder, all verification and

other documentation of employment eligibility status required by federal or state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. HOSPITAL shall retain all such documentation for all covered employees for the period prescribed by the law.

F. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS

1. HOSPITAL agrees to furnish to ADMINISTRATOR within thirty (30) calendar days of the award of this Agreement:

a. In the case of an individual contractor, his/her name, date of birth, Social Security number, and residence address;

b. In the case of a contractor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in the contracting entity;

c. A certification that HOSPITAL has fully complied with all applicable federal and state reporting requirements regarding its employees;

d. A certification that HOSPITAL has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

2. Failure of HOSPITAL to timely submit the data or certifications required by subparagraph 1.a., 1.b., 1.c., or 1.d. above, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from COUNTY shall constitute grounds for termination of this Agreement as to the non-complying party.

3. It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, as permitted by federal and state statutes.

X. NONDISCRIMINATION

A. EMPLOYMENT

1. During the performance of this Agreement, HOSPITAL shall not unlawfully discriminate against any employee or applicant for employment because of his or her ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. HOSPITAL shall warrant that the evaluation and treatment of employees and applicants for employment is free from discrimination in the areas of: employment; promotion; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. There shall be posted, in conspicuous places, available to employees and applicants for employment, notices from ADMINISTRATOR and/or the United States Equal Employment Opportunity Commission setting forth the provisions of the Equal Opportunity Clause.

2. All solicitations or advertisements for employees placed by or on behalf of HOSPITAL and its contractors shall state that all qualified applicants will receive consideration for employment without regard to ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. Such requirement shall be deemed fulfilled by use of the phrase "an equal opportunity employer."

3. HOSPITAL shall give written notice of its obligations under this Equal Opportunity Clause to each labor union with which HOSPITAL has a collective bargaining agreement.

4. Upon a finding of discrimination by the Equal Opportunity Commission, Department of Fair Employment and Housing, or a court of competent jurisdiction, and after exhaustion of any and all appeals, this Agreement may be canceled, terminated or suspended in whole or in part, and HOSPITAL may be declared ineligible for future contracts.

B. SERVICES, BENEFITS, AND FACILITIES - HOSPITAL shall not discriminate in the provision of services, the allocation of benefits, or in the accommodation in facilities on the basis of ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability in accordance with Title VI of the Civil Rights Act of 1964, 42, U.S.C.A. §2000d and all other pertinent rules and regulations promulgated pursuant thereto, and as otherwise provided by state law and regulations, as all may now exist or be hereafter amended or changed.

C. PERSONS WITH DISABILITIES - HOSPITAL agrees to comply with the provisions of §504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 794 et seq., as implemented in 45 CFR 84.1 et seq.), and the Americans with Disabilities Act of 1990 (42 U.S.C.A. 12101, et seq.), pertaining to the prohibition of discrimination against qualified persons with disabilities as they exist now or may be hereafter amended together with succeeding legislation.

D. RETALIATION - Neither HOSPITAL, nor its employees or agents shall intimidate, coerce, or take adverse action against any person for the purpose of interfering with rights secured by federal or state laws, or because such person has filed a complaint, certified, assisted, or otherwise participated in an investigation, proceeding, hearing or any other activity undertaken to enforce rights secured by federal or state law.

XI. NOTICES

A. Unless otherwise specified in this Agreement, all notices, claims, correspondence, reports, and/or statements authorized or required by this Agreement, shall be effective:

1. When delivered personally; or

2. Three (3) days from the date sent by certified or registered mail in the United States Postal Service, return receipt requested, postage prepaid, or first class postage prepaid, and addressed as specified on Page 3 of this Agreement; or

3. When faxed, transmission confirmed; or

4. When sent by electronic mail; or

5. When delivered by United States Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

B. Termination Notices shall be addressed as specified on Page 3 of this Agreement, and shall be effective when faxed, transmission confirmed, or when delivered by U.S. Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

C. Any party to this Agreement may change the address at which it wishes to receive notice by giving notice to the other party in the manner set forth above. For purposes of this Agreement, any notice to be provided by COUNTY may be given by ADMINISTRATOR.

XII. RECORDS

A. HOSPITAL shall maintain records that are adequate for the California Department of Health Services to substantiate the services for which claims are submitted for reimbursement as funded under this Agreement and the charges thereto. Such records shall include, but not be limited to, individual patient charts and utilization review records.

B. RECORDS RETENTION

1. All records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange, for a period of seven (7) years after final payment under this Agreement.

2. Records which relate to litigation or settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by COUNTY or state or federal governments, shall be retained by HOSPITAL until disposition of such appeals, litigation, claims or exceptions is completed.

XIII. RESPONSIBILITIES OF COUNTY

A. Following execution of this Agreement by the Orange County Board of Supervisors, COUNTY shall transfer $275,000 to the California Department of Health Care Services (DHCS) for deposit into the Private Hospital Supplemental Fund.

B. Pursuant to Welfare and Institutions (W&I) Code 14166.12(f), DHCS shall utilize the non-federal funds provided by COUNTY to obtain federal financial participation including Federal Medical Assistance Percentage (FMAP) and federal financial participation to the full extent permitted by law, which amount COUNTY anticipates to be $536,969.

C. COUNTY shall recommend to the California Medical Assistance Commission (CMAC), responsible for negotiating Private Hospital Supplemental Funds with HOSPITAL, that HOSPITAL also receive the twenty-five percent (25%) balance of the amount deposited plus the corresponding federal financial participation plus the FMAP, anticipated to be $137,500. HOSPITAL understands that

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COUNTY may only make a recommendation regarding these funds and that final determination regarding distribution of these funds rests with CMAC.

XIV. RESPONSIBILITIES OF HOSPITAL

As a condition for HOSPITAL to receive funds specified in Paragraph XIII above, HOSPITAL shall:

A. Operate as an acute care hospital for Medi-Cal patients, regardless of ability to pay, and continually meet all applicable standards established in Title 22 as they now exist or may be hereafter amended.

B. Maintain designation as a Paramedic Receiving Center by the Local Emergency Medical Services (EMS) Agency pursuant through December 31, 2010.

C. Provide Paramedic Receiving Center Services and other hospital services to all patients, including Medi-Cal patients, regardless of age or ability to pay, through December 31, 2010.

D. Submit relevant and pertinent data as requested by the Local EMS Agency that complies with state and local EMS data requirements.

E. Agree that no portion of funds received by HOSPITAL from CMAC as approved by this Agreement shall be returned to any government or quasi-governmental agency.

XV. SEVERABILITY

If a court of competent jurisdiction declares any provision of this Agreement or application thereof to any person or circumstances to be invalid or if any provision of this Agreement contravenes any federal, state, or county statutes, ordinance, or regulation, the remaining provisions of this Agreement or the application thereof shall remain valid, and the remaining provisions of this Agreement shall remain in full force and effect, and to that extent the provisions of this Agreement are severable, unless to do so would defeat an essential business purpose of this Agreement.

XVI. STATUS OF PARTIES

A. Each party is, and shall at all times be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this Agreement. Each party is entirely responsible for compensating staff and consultants employed by that party. This Agreement shall not be construed as creating the relationship of employer and employee, or principal and agent, between COUNTY and HOSPITAL or of either party's employees, agents, consultants, or contractors. Each party assumes exclusively the responsibility for the acts of its employees, agents, consultants, or contractors as they relate to the services to be provided during the course and scope of their employment or respective contracts.

B. COUNTY shall neither have, nor exercise, any control or direction over the methods by which HOSPITAL shall perform its obligations under this Agreement. The standards of medical care and professional duties of HOSPITAL'S employees performing medical services under this Agreement shall

be determined, as applicable, by HOSPITAL'S Board of Directors and the standards of care in the community in which HOSPITAL is located, and all applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of HOSPITAL.

XVII. TERM

The term of this Agreement shall commence and terminate as specified on Page 3 of this Agreement; provided, however, CONTRACTOR shall be obligated to perform such duties as would normally extend beyond this term, including but not limited to, obligations with respect to confidentiality, indemnification, audits, reporting and accounting.

XVIII. TERMINATION

A. Neither party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment deemed resulting, directly or indirectly, from Acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or suppliers, vandalism, strikes or other work interruptions by a party's officers, agents, employees, affiliates, or contractors, or any similar cause beyond the reasonable control of any party to this Agreement. However, all parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.

B. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence of any of the following events:

1. The loss by HOSPITAL of legal capacity.
2. Cessation of services.
3. The loss of accreditation or any license required by the Licenses and Law paragraph of this Agreement.

C. After receiving a Notice of Termination, HOSPITAL shall do the following:

1. Comply with termination instructions provided by ADMINISTRATOR in a manner that is consistent with recognized standards of quality care and prudent business practice for hospitals in the communities in which HOSPITAL is located.
2. Obtain immediate clarification from ADMINISTRATOR of any unsettled issues of contract performance during the remaining allocation period.
3. Until the date of termination, continue to provide the same level of service required by this Agreement.
4. Until the date of termination, continue to be reimbursed by COUNTY for provision of services specified herein.
5. If patients are to be transferred to another facility for services, furnish ADMINISTRATOR, upon request, all patient information and records deemed necessary by ADMINISTRATOR to effect an orderly transfer.

6. Assist ADMINISTRATOR in effecting the transfer of patients in a manner consistent with their best interests.

D. The rights and remedies of COUNTY and HOSPITAL provided in this Termination paragraph shall not be exclusive, and are in addition to any other rights and remedies provided by law or under this Agreement.

XIX. THIRD PARTY BENEFICIARY

No party hereto intends that this Agreement shall create rights hereunder in third parties including, but not limited to, any contractors or any patients provided services hereunder.

XX. WAIVER OF DEFAULT OR BREACH

Waiver by either party of any default by the other party shall not be considered a waiver of any other or subsequent default. Waiver by either party of any breach by the other party of any provision of this Agreement shall not be considered a waiver of any other or subsequent breach. Waiver by the other party of any default or any breach by the other party shall not be considered a modification of the terms of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement, in the County of Orange, State of California.

PRIME HEALTHCARE GARDEN GROVE, LLC, DBA GARDEN GROVE HOSPITAL AND MEDICAL CENTER

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

COUNTY OF ORANGE

BY: _____
CHAIR OF THE BOARD
OF SUPERVISORS

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIR OF THE BOARD PER G.C. SEC. 25103, RESO 79-1535
ATTEST:

BY: _____
DARLENE J. BLOOM
Clerk of the Board of Supervisors
of Orange County, California

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

BY: Christopher J. Miller
DEPUTY

DATED: 4/14/10

If Contractor is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. If the Agreement is signed by one (1) authorized individual only, a copy of the corporate resolution or by-laws whereby the board of directors has empowered said authorized individual to act on its behalf by his or her signature alone is required

AGREEMENT FOR PROVISION OF INTERGOVERNMENTAL TRANSFER FUNDS BETWEEN COUNTY OF ORANGE AND WMC-A, INC., dba WESTERN MEDICAL CENTER-ANAHEIM, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.

MAY 18, 2010 THROUGH DECEMBER 31, 2010

THIS AGREEMENT (Agreement) entered into this 18th day of May 2010, which date is enumerated for purposes of reference only, is by and between the COUNTY OF ORANGE (COUNTY) and WMC-A, INC., dba WESTERN MEDICAL CENTER-ANAHEIM, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC. (HOSPITAL). This Agreement shall be administered by the County of Orange Health Care Agency (ADMINISTRATOR).

W I T N E S S E T H:

WHEREAS, HOSPITAL, a general acute care facility, licensed in accordance with the requirements of the California Health Facilities Licensure Act (Health and Safety Code, Sections 1250 et seq.) and the regulations promulgated pursuant thereto, is equipped, staffed and prepared to provide medical services; and

WHEREAS, HOSPITAL currently contracts with the California Department of Health Care Services (DHCS) for the provision of Medi-Cal services; and

WHEREAS, HOSPITAL also meets the criteria to be eligible for payments from the Private Hospital Supplemental Fund established pursuant to Welfare and Institutions Code Section 14166.12(b); and

WHEREAS, COUNTY may transfer funds to DHCS for deposit into the Private Hospital Supplemental Fund pursuant to Section 433.51 of Title 42 of the Code of Federal Regulations and Welfare and Institutions Code Section 14166.12(e); and

WHEREAS, DHCS shall use transferred funds to obtain federal financial participation for distribution in all or part to HOSPITAL; and

WHEREAS, COUNTY is agreeable to transferring funds on behalf of HOSPITAL to DHCS; and

WHEREAS, HOSPITAL is agreeable to the rendering of such services on the terms and conditions hereinafter set forth:

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

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REFERENCED CONTRACT PROVISIONS

Allocation Period: May 18, 2010 through December 31, 2010

Total Maximum Obligation: **$36,000**

Basis for Reimbursement: Negotiated Amount
Payment Method: Intergovernmental Transfer to California Department of Health Care Services

Notices to COUNTY and CONTRACTOR:

COUNTY: County of Orange
Health Care Agency
Manager of Operations
Medical and Institutional Health Services Operations
405 West 5th Street, Room 718
Santa Ana, CA 92701-4637

HOSPITAL: Attention: Ray Rivas, CFO
WMC-A, INC., DBA WESTERN MEDICAL CENTER-ANAHEIM, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.
1025 S. Anaheim Blvd.
Anaheim, CA 92805

HOSPITAL'S Insurance Coverages:

Coverage	Minimum Limits
Workers' Compensation	Statutory
Employer's Liability	$1,000,000
Professional Liability	$3,000,000
Comprehensive General Liability Insurance	$5,000,000

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I. ALLOCATION PERIOD

A. The allocation period of this Agreement shall commence and terminate as specified on Page 3 of this Agreement, unless otherwise sooner terminated as provided elsewhere in this Agreement; provided, however, the parties shall continue to be obligated to comply with the requirements and perform such duties specified in this Agreement. Such duties include, but are not limited to, obligations with respect to claims processing, reimbursement, confidentiality, indemnification, audits, accounting, and data reporting.

B. Any administrative duty or obligation to be performed pursuant to this Agreement on a weekend or holiday may be performed on the next regular business day.

II. ALTERATION OF TERMS

This Agreement fully expresses all understanding of COUNTY and HOSPITAL with respect to the subject matter of this Agreement, and shall constitute the total Agreement between the parties for these purposes. No addition to, or alteration of, the terms of this Agreement, whether written or verbal, shall be valid unless made in writing and formally approved and executed by both parties.

III. COMPLIANCE

A. COUNTY'S Health Care Agency (HCA) has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.

1. HOSPITAL may adopt HCA'S Compliance Program or establish its own. If HOSPITAL has established its own Compliance Program, HOSPITAL shall acknowledge existence of HCA'S Compliance Program and shall provide certification to ADMINISTRATOR that HOSPITAL shall operate its own Compliance Program and shall ensure that its employees, subcontractors, interns, volunteers, and members of Board of Directors or duly authorized agent, if appropriate, ("Covered Individuals") are made aware of HOSPITAL'S Compliance Program policies and procedures.

2. If HOSPITAL elects to adopt HCA'S Compliance Program, ADMINISTRATOR shall provide HOSPITAL with a copy of the relevant HCA Policies and Procedures relating to the Office of Compliance. HOSPITAL shall ensure that Covered Individuals relative to this Agreement are made aware of these Policies and Procedures.

B. CODE OF CONDUCT – Under the direction of the HCA Office of Compliance, a Code of Conduct for adherence by all HCA employees and contract providers has been developed.

1. Within thirty (30) calendar days of award of this Agreement, HOSPITAL has the option of submitting to ADMINISTRATOR a signed acknowledgement and agreement that HOSPITAL shall comply with the "HCA Contractor Code of Conduct" specified in subparagraph B.3 below or Hospital shall submit a copy of its Code of Conduct to ADMINISTRATOR for review and comparison to federal, state, and COUNTY standards by the HCA Compliance Officer.

2. If HOSPITAL elects to submit a copy of its Code of Conduct, HCA'S Compliance Officer shall advise HOSPITAL of any necessary changes to Hospital's Code of Conduct to meet minimum

standards and HOSPITAL shall either take necessary action to meet said standards or shall be asked to acknowledge and agree to the "HCA Contractor Code of Conduct" specified in subparagraph B.3. below.

3. HCA CONTRACTOR CODE OF CONDUCT – HOSPITAL and its employees and subcontractors shall:

a. Comply with all applicable laws, regulations, rules or guidelines when providing and billing for services specified herein.

b. Use their best efforts to conduct themselves honestly fairly, courteously and with a high degree of integrity in their professional dealings related to this Agreement and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of HOSPITAL and/or COUNTY.

c. Treat COUNTY employees, clients and other COUNTY contractors fairly and with respect.

d. NOT engage in any activity in violation of HCA'S Compliance Program, nor engage in any other conduct which violates any applicable law, regulation, rule or guideline.

e. Take precautions to ensure that claims are prepared and submitted accurately, timely and are consistent with all applicable laws, regulations, rules or guidelines.

f. Ensure that no false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind are submitted.

g. Bill only for eligible services actually rendered and fully documented and use billing codes that accurately describe the services provided.

h. Act promptly to investigate and correct problems if errors in claims or billings are discovered.

i. Promptly report to HCA'S Compliance Officer any activity that HOSPITAL believes may violate the standards of the HCA Compliance Program, or any other applicable law, regulation, rule or guideline.

j. Promptly report to HCA'S Compliance Officer any suspected violation(s) of this HCA Contractor Code of Conduct by COUNTY employees.

k. Consult with HCA'S Compliance Officer if there are any questions or uncertainties of any Compliance Program standard or any other applicable law regulation, rule or guideline.

4. Failure of HOSPITAL to timely submit the acknowledgement of the HCA Contractor Code of Conduct or its own Code of Conduct shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of such notice from ADMINISTRATOR shall constitute grounds for termination of this Agreement as to the non-complying party.

C. HOSPITAL shall screen all Covered Individuals employed or retained to provide services related to this Agreement to ensure that they are not designated as "Ineligible Persons", as defined hereunder. Screening shall be conducted against the General Services Administration's List of Parties Excluded from Federal Programs and the Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities.

1. Ineligible Person shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

2. HOSPITAL shall screen prospective Covered Individuals prior to hire or engagement. HOSPITAL shall not hire or engage any Ineligible Person to provide services relative to this Agreement.

3. HOSPITAL shall screen all current Covered Individuals semi-annually, each January and July unless otherwise authorized in writing by ADMINISTRATOR, to ensure that they have not become Ineligible Persons.

4. Covered Individuals shall be required to disclose to HOSPITAL immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. HOSPITAL shall notify COUNTY immediately upon such disclosure.

5. In addition to screening organizations and vendor under subcontract, HOSPITAL shall also request that its subcontractors warrant that they are eligible to participate in all federal and State of California health programs and have not been excluded or debarred from participation in a federal or state health care programs, and to further warrant to HOSPITAL that they do not have any Ineligible Person in their employ or under contract.

6. HOSPITAL acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with COUNTY in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If HOSPITAL becomes aware that a Covered Individual has become an Ineligible Person, HOSPITAL shall remove such individual from responsibility for, or involvement with, HCA business operations related to this Agreement.

D. REIMBURSEMENT STANDARDS

1. HOSPITAL shall take reasonable precaution to ensure that the coding of health care claims and billing for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and county laws and regulations as well as HCA'S policies and/or agreements with third party payers. This includes compliance with federal and state health care program regulations and procedures or instructions otherwise communicated by regulatory agencies including the Centers for Medicare and Medicaid Services or their agents.

2. HOSPITAL shall not submit false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind.

3. HOSPITAL shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, HOSPITAL shall use only correct billing codes that accurately describe the services provided.

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4. HOSPITAL shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified by anyone.

E. COMPLIANCE TRAINING – ADMINISTRATOR shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.

1. HOSPITAL shall use its best efforts to encourage attendance at Compliance Training by Covered Individuals.

2. Such training will be made available to Covered Individuals within thirty (30) calendar days of employment or engagement.

3. Such training will be made available to each Covered Individual annually.

4. Each Covered Individual attending training shall certify, in writing, attendance at compliance training. HOSPITAL shall retain the certifications. Upon written request by ADMINISTRATOR, HOSPITAL shall provide copies of the certifications.

IV. CONFIDENTIALITY

A. Each party shall use its best efforts to maintain the confidentiality of all records, including billings, claims, and any audio and/or video recordings, in accordance with all applicable state and federal codes and regulations, as they now exist or may hereafter be amended or changed including, but not limited to the Health Insurance Portability and Accountability Act.

B. Prior to providing any services pursuant to this Agreement, all HOSPITAL'S employees, contractors, and members of Board of Directors, or its designee or duly authorized agent(s) shall agree, in writing, with HOSPITAL to use their respective best efforts to maintain, in accordance with applicable laws and regulations, the confidentiality of any and all information and records which may be obtained in the course of providing such services. The agreement shall specify that it is effective irrespective of all subsequent resignations or terminations of HOSPITAL'S employees, contractors, and members of Board of Directors or duly authorized agent.

V. DELEGATION, ASSIGNMENT, AND SUBCONTRACTS

A. HOSPITAL may not delegate the obligations hereunder or assign its rights, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned, or delayed; provided however, obligations undertaken by HOSPITAL pursuant to this Agreement may be carried out by means of contracts, provided such contracts meet the requirements of this Agreement as they relate to the service or activity under contract, include any provisions that ADMINISTRATOR may reasonably require, and are approved in writing by ADMINISTRATOR, which approval shall not be unreasonably conditioned, withheld, or delayed. This provision shall not be applicable to service agreements usually and customarily entered into by HOSPITAL to obtain or arrange for supplies, technical support, or professional services. No contract shall terminate or alter the responsibilities of HOSPITAL to COUNTY pursuant to this Agreement.

B. HOSPITAL may not assign the rights hereunder, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably conditioned, withheld, or delayed. Any change in the control structure, including but not limited to, the sale or transfer of more than fifty percent (50%) of the assets or stock of HOSPITAL, change to another corporate structure, including a change to a sole proprietorship, or a change in fifty percent (50%) or more of HOSPITAL'S directors at one time (six-months or less) shall be deemed an assignment pursuant to this paragraph. Any attempted assignment or delegation in derogation of this subparagraph shall be void.

VI. FACILITIES, PAYMENTS AND SERVICES

COUNTY shall compensate HOSPITAL, and HOSPITAL agrees to provide the services, staffing, facilities, any equipment and supplies, and reports in accordance with this Agreement. HOSPITAL shall use its best efforts to operate continuously throughout the term of this Agreement with at least the minimum number and type of staff which meet applicable state and federal requirements, and which are necessary for the provision of the services hereunder.

VII. INDEMNIFICATION AND INSURANCE

A. HOSPITAL agrees to indemnify, defend and hold COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies for which COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands, including defense costs, or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by HOSPITAL pursuant to this Agreement. If judgment is entered against HOSPITAL and COUNTY by a court of competent jurisdiction because of the concurrent active negligence of COUNTY or COUNTY INDEMNITEES, HOSPITAL and COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

B. Without limiting HOSPITAL'S indemnification, HOSPITAL warrants that it is self-insured or shall maintain in force at all times during the term of this Agreement, the policy or policies of insurance covering its operations placed with reputable insurance companies in amounts as specified on Page 3 of this Agreement. Upon request by ADMINISTRATOR, HOSPITAL shall provide evidence of such insurance.

C. All insurance policies except Workers' Compensation and Employer's Liability shall contain the following clauses:

1. "The County of Orange is included as an additional insured with respect to the operations of the named insured performed under contract with the County of Orange."

2. "It is agreed that any insurance maintained by the County of Orange shall apply in excess of, and not contribute with, insurance provided by this policy."

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3. "This insurance shall not be canceled, limited or non–renewed until after thirty (30) calendar days written notice has been given to Orange County HCA/Manager of Operations, Medical and Institutional Health Services, 405 West 5th Street, Room 718, Santa Ana, CA 92701-4637."

D. Certificates of Insurance and endorsements evidencing the above coverages and clauses shall be mailed to COUNTY as referenced on Page 3 of this Agreement.

VIII. INSPECTIONS AND AUDITS

A. ADMINISTRATOR, any authorized representative of COUNTY, any authorized representative of the State of California, the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States, or any of their authorized representatives, shall have access to any books, documents, and records, including, but not limited to, medical and patient records, of HOSPITAL which such persons deem reasonably pertinent to this Agreement, for the purpose of responding to a patient complaint or, conducting an audit, review, evaluation, or examination, or making transcripts during the periods of retention set forth in the Records Paragraph of this Agreement. The above mentioned persons, may at all reasonable times, inspect or otherwise evaluate the services provided pursuant to this Agreement and the premises in which they are provided; provided, however, such inspections or evaluations shall not interfere with patient care.

1. These audits, reviews, evaluations, or examinations may include, but are not limited to, the following:

a. Level and quality of care, including the necessity and appropriateness of the services provided.

b. Financial records when determined necessary to protect public funds.

c. Internal procedures for assuring efficiency, economy, and quality of care.

d. Grievances relating to medical care, and their disposition, or other types of complaints or problems.

2. ADMINISTRATOR shall provide HOSPITAL with at least fifteen (15) calendar days prior notice of such inspection or evaluation; provided, however, that the California Department of Health Care Services, or duly authorized representative, which may include COUNTY, shall be required to provide at least seventy-two (72) hours notice for its onsite inspections and evaluations. Unannounced inspections, evaluations, or requests for information may be made in those situations where arrangement of an appointment beforehand is not possible or inappropriate due to the nature of the inspection or evaluation.

B. HOSPITAL shall actively participate and cooperate with any person specified in subparagraph A. above in any evaluation of the services provided pursuant to this Agreement, and shall provide the above-mentioned persons adequate office space to conduct such evaluation. Such space must be capable of being locked and secured to protect the work of said persons during the period of their evaluation.

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C. AUDIT RESPONSE

1. Following an audit report, in the event of non-compliance with applicable laws and regulations governing funds provided, or to be provided, through this Agreement, COUNTY may terminate this Agreement or may direct HOSPITAL to immediately implement appropriate corrective action. A plan of correction shall be submitted to ADMINISTRATOR in writing within thirty (30) calendar days after receiving notice from ADMINISTRATOR.

2. If the audit reveals that money is payable from one party to the other, that is, reimbursement by HOSPITAL to COUNTY, or payment of sums due from COUNTY to HOSPITAL, said funds shall be due and payable from one party to the other within sixty (60) calendar days of receipt of the audit results. If reimbursement is due from HOSPITAL to COUNTY, and such reimbursement is not received within said sixty (60) calendar days, COUNTY may, in addition to any other remedies, reduce any amount owed HOSPITAL by an amount not to exceed the reimbursement due COUNTY.

IX. LICENSES AND LAW

A. HOSPITAL, its officers, agents, employees, affiliates, and contractors shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, accreditations, certificates, waivers and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, COUNTY, and any other applicable governmental agencies. HOSPITAL shall notify ADMINISTRATOR immediately and in writing of its inability to obtain or maintain, irrespective of the pendency of any hearings or appeals, such permits, licenses, approvals, certificates, accreditations, waivers and exemptions. Said inability shall be cause for termination of this Agreement.

B. HOSPITAL shall comply with all applicable governmental laws, regulations, or requirements as they exist now or may be hereafter amended or changed.

C. This Agreement is not intended nor shall it be construed to affect, except as expressly provided for herein, COUNTY'S or HOSPITAL'S existing rights, obligations, and responsibilities with respect to care required by or provided to indigent patients; provided, however, that each party's rights and obligations with respect to patients treated hereunder shall be limited to the rights and obligations established and agreed to hereunder.

D. HOSPITAL warrants, to the best of its knowledge, that all hospital-based physicians providing services at HOSPITAL, under this Agreement, are and will continue to be as long as this Agreement remains in effect, the holders of currently valid licenses to practice medicine in the State of California and are members in "good standing" of the medical staff of HOSPITAL'S facility.

E. HOSPITAL warrants that it makes its best effort to fully comply with all federal and state statutes and regulations regarding the employment of aliens and others and that employees performing work under this Agreement meet the citizenship or alien status requirement set forth in federal statutes and regulations. HOSPITAL shall obtain, from all employees performing work hereunder, all verification and

other documentation of employment eligibility status required by federal or state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. HOSPITAL shall retain all such documentation for all covered employees for the period prescribed by the law.

F. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS

1. HOSPITAL agrees to furnish to ADMINISTRATOR within thirty (30) calendar days of the award of this Agreement:

a. In the case of an individual contractor, his/her name, date of birth, Social Security number, and residence address;

b. In the case of a contractor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in the contracting entity;

c. A certification that HOSPITAL has fully complied with all applicable federal and state reporting requirements regarding its employees;

d. A certification that HOSPITAL has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

2. Failure of HOSPITAL to timely submit the data or certifications required by subparagraph 1.a., 1.b., 1.c., or 1.d. above, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from COUNTY shall constitute grounds for termination of this Agreement as to the non-complying party.

3. It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, as permitted by federal and state statutes.

X. NONDISCRIMINATION

A. EMPLOYMENT

1. During the performance of this Agreement, HOSPITAL shall not unlawfully discriminate against any employee or applicant for employment because of his or her ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. HOSPITAL shall warrant that the evaluation and treatment of employees and applicants for employment is free from discrimination in the areas of: employment; promotion; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. There shall be posted, in conspicuous places, available to employees and applicants for employment, notices from ADMINISTRATOR and/or the United States Equal Employment Opportunity Commission setting forth the provisions of the Equal Opportunity Clause.

2. All solicitations or advertisements for employees placed by or on behalf of HOSPITAL and its contractors shall state that all qualified applicants will receive consideration for employment without regard to ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. Such requirement shall be deemed fulfilled by use of the phrase "an equal opportunity employer."

3. HOSPITAL shall give written notice of its obligations under this Equal Opportunity Clause to each labor union with which HOSPITAL has a collective bargaining agreement.

4. Upon a finding of discrimination by the Equal Opportunity Commission, Department of Fair Employment and Housing, or a court of competent jurisdiction, and after exhaustion of any and all appeals, this Agreement may be canceled, terminated or suspended in whole or in part, and HOSPITAL may be declared ineligible for future contracts.

B. SERVICES, BENEFITS, AND FACILITIES - HOSPITAL shall not discriminate in the provision of services, the allocation of benefits, or in the accommodation in facilities on the basis of ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability in accordance with Title VI of the Civil Rights Act of 1964, 42, U.S.C.A. §2000d and all other pertinent rules and regulations promulgated pursuant thereto, and as otherwise provided by state law and regulations, as all may now exist or be hereafter amended or changed.

C. PERSONS WITH DISABILITIES - HOSPITAL agrees to comply with the provisions of §504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 794 et seq., as implemented in 45 CFR 84.1 et seq.), and the Americans with Disabilities Act of 1990 (42 U.S.C.A. 12101, et seq.), pertaining to the prohibition of discrimination against qualified persons with disabilities as they exist now or may be hereafter amended together with succeeding legislation.

D. RETALIATION - Neither HOSPITAL, nor its employees or agents shall intimidate, coerce, or take adverse action against any person for the purpose of interfering with rights secured by federal or state laws, or because such person has filed a complaint, certified, assisted, or otherwise participated in an investigation, proceeding, hearing or any other activity undertaken to enforce rights secured by federal or state law.

XI. NOTICES

A. Unless otherwise specified in this Agreement, all notices, claims, correspondence, reports, and/or statements authorized or required by this Agreement, shall be effective:

1. When delivered personally; or

2. Three (3) days from the date sent by certified or registered mail in the United States Postal Service, return receipt requested, postage prepaid, or first class postage prepaid, and addressed as specified on Page 3 of this Agreement; or

3. When faxed, transmission confirmed; or

4. When sent by electronic mail; or

5. When delivered by United States Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

B. Termination Notices shall be addressed as specified on Page 3 of this Agreement, and shall be effective when faxed, transmission confirmed, or when delivered by U.S. Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

C. Any party to this Agreement may change the address at which it wishes to receive notice by giving notice to the other party in the manner set forth above. For purposes of this Agreement, any notice to be provided by COUNTY may be given by ADMINISTRATOR.

XII. RECORDS

A. HOSPITAL shall maintain records that are adequate for the California Department of Health Services to substantiate the services for which claims are submitted for reimbursement as funded under this Agreement and the charges thereto. Such records shall include, but not be limited to, individual patient charts and utilization review records.

B. RECORDS RETENTION

1. All records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange, for a period of seven (7) years after final payment under this Agreement.

2. Records which relate to litigation or settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by COUNTY or state or federal governments, shall be retained by HOSPITAL until disposition of such appeals, litigation, claims or exceptions is completed.

XIII. RESPONSIBILITIES OF COUNTY

A. Following execution of this Agreement by the Orange County Board of Supervisors, COUNTY shall transfer $36,000 to the California Department of Health Care Services (DHCS) for deposit into the Private Hospital Supplemental Fund.

B. Pursuant to Welfare and Institutions (W&I) Code 14166.12(f), DHCS shall utilize the non-federal funds provided by COUNTY to obtain federal financial participation including Federal Medical Assistance Percentage (FMAP) and federal financial participation to the full extent permitted by law, which amount COUNTY anticipates to be $70,295.

C. COUNTY shall recommend to the California Medical Assistance Commission (CMAC), responsible for negotiating Private Hospital Supplemental Funds with HOSPITAL, that HOSPITAL also receive the twenty-five percent (25%) balance of the amount deposited plus the corresponding federal financial participation plus the FMAP, anticipated to be $18,000. HOSPITAL understands that COUNTY

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may only make a recommendation regarding these funds and that final determination regarding distribution of these funds rests with CMAC.

XIV. RESPONSIBILITIES OF HOSPITAL

As a condition for HOSPITAL to receive funds specified in Paragraph XIII above, HOSPITAL shall:

A. Operate as an acute care hospital for Medi-Cal patients, regardless of ability to pay, and continually meet all applicable standards established in Title 22 as they now exist or may be hereafter amended.

B. Maintain designation as a Paramedic Receiving Center by the Local Emergency Medical Services (EMS) Agency pursuant through December 31, 2010.

C. Provide Paramedic Receiving Center Services and other hospital services to all patients, including Medi-Cal patients, regardless of age or ability to pay, through December 31, 2010.

D. Submit relevant and pertinent data as requested by the Local EMS Agency that complies with state and local EMS data requirements.

E. Agree that no portion of funds received by HOSPITAL from CMAC as approved by this Agreement shall be returned to any government or quasi-governmental agency.

XV. SEVERABILITY

If a court of competent jurisdiction declares any provision of this Agreement or application thereof to any person or circumstances to be invalid or if any provision of this Agreement contravenes any federal, state, or county statutes, ordinance, or regulation, the remaining provisions of this Agreement or the application thereof shall remain valid, and the remaining provisions of this Agreement shall remain in full force and effect, and to that extent the provisions of this Agreement are severable, unless to do so would defeat an essential business purpose of this Agreement.

XVI. STATUS OF PARTIES

A. Each party is, and shall at all times be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this Agreement. Each party is entirely responsible for compensating staff and consultants employed by that party. This Agreement shall not be construed as creating the relationship of employer and employee, or principal and agent, between COUNTY and HOSPITAL or of either party's employees, agents, consultants, or contractors. Each party assumes exclusively the responsibility for the acts of its employees, agents, consultants, or contractors as they relate to the services to be provided during the course and scope of their employment or respective contracts.

B. COUNTY shall neither have, nor exercise, any control or direction over the methods by which HOSPITAL shall perform its obligations under this Agreement. The standards of medical care and professional duties of HOSPITAL'S employees performing medical services under this Agreement shall

be determined, as applicable, by HOSPITAL'S Board of Directors and the standards of care in the community in which HOSPITAL is located, and all applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of HOSPITAL.

XVII. TERM

The term of this Agreement shall commence and terminate as specified on Page 3 of this Agreement; provided, however, CONTRACTOR shall be obligated to perform such duties as would normally extend beyond this term, including but not limited to, obligations with respect to confidentiality, indemnification, audits, reporting and accounting.

XVIII. TERMINATION

A. Neither party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment deemed resulting, directly or indirectly, from Acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or suppliers, vandalism, strikes or other work interruptions by a party's officers, agents, employees, affiliates, or contractors, or any similar cause beyond the reasonable control of any party to this Agreement. However, all parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.

B. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence of any of the following events:

1. The loss by HOSPITAL of legal capacity.
2. Cessation of services.
3. The loss of accreditation or any license required by the Licenses and Law paragraph of this Agreement.

C. After receiving a Notice of Termination, HOSPITAL shall do the following:

1. Comply with termination instructions provided by ADMINISTRATOR in a manner that is consistent with recognized standards of quality care and prudent business practice for hospitals in the communities in which HOSPITAL is located.
2. Obtain immediate clarification from ADMINISTRATOR of any unsettled issues of contract performance during the remaining allocation period.
3. Until the date of termination, continue to provide the same level of service required by this Agreement.
4. Until the date of termination, continue to be reimbursed by COUNTY for provision of services specified herein.
5. If patients are to be transferred to another facility for services, furnish ADMINISTRATOR, upon request, all patient information and records deemed necessary by ADMINISTRATOR to effect an orderly transfer.

6. Assist ADMINISTRATOR in effecting the transfer of patients in a manner consistent with their best interests.

D. The rights and remedies of COUNTY and HOSPITAL provided in this Termination paragraph shall not be exclusive, and are in addition to any other rights and remedies provided by law or under this Agreement.

XIX. THIRD PARTY BENEFICIARY

No party hereto intends that this Agreement shall create rights hereunder in third parties including, but not limited to, any contractors or any patients provided services hereunder.

XX. WAIVER OF DEFAULT OR BREACH

Waiver by either party of any default by the other party shall not be considered a waiver of any other or subsequent default. Waiver by either party of any breach by the other party of any provision of this Agreement shall not be considered a waiver of any other or subsequent breach. Waiver by the other party of any default or any breach by the other party shall not be considered a modification of the terms of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement, in the County of Orange, State of California.

WMC-A, INC., DBA WESTERN MEDICAL CENTER-ANAHEIM, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

COUNTY OF ORANGE

BY: _____
CHAIR OF THE BOARD
OF SUPERVISORS

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIR OF THE BOARD PER G.C. SEC. 25103, RESO 79-1535
ATTEST:

BY: _____
DARLENE J. BLOOM
Clerk of the Board of Supervisors
of Orange County, California

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

BY: Christopher J. Miller
DEPUTY

DATED: 4/14/10

If Contractor is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. If the Agreement is signed by one (1) authorized individual only, a copy of the corporate resolution or by-laws whereby the board of directors has empowered said authorized individual to act on its behalf by his or her signature alone is required

AGREEMENT FOR PROVISION OF INTERGOVERNMENTAL TRANSFER FUNDS BETWEEN COUNTY OF ORANGE AND WMC-A, INC., dba WESTERN MEDICAL CENTER-SANTA ANA, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.

MAY 18, 2010 THROUGH DECEMBER 31, 2010

THIS AGREEMENT (Agreement) entered into this 18th day of May 2010, which date is enumerated for purposes of reference only, is by and between the COUNTY OF ORANGE (COUNTY) and WMC-A, INC., dba WESTERN MEDICAL CENTER-SANTA ANA, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC. (HOSPITAL). This Agreement shall be administered by the County of Orange Health Care Agency (ADMINISTRATOR).

W I T N E S S E T H:

WHEREAS, HOSPITAL, a general acute care facility, licensed in accordance with the requirements of the California Health Facilities Licensure Act (Health and Safety Code, Sections 1250 et seq.) and the regulations promulgated pursuant thereto, is equipped, staffed and prepared to provide medical services; and

WHEREAS, HOSPITAL currently contracts with the California Department of Health Care Services (DHCS) for the provision of Medi-Cal services; and

WHEREAS, HOSPITAL also meets the criteria to be eligible for payments from the Private Hospital Supplemental Fund established pursuant to Welfare and Institutions Code Section 14166.12(b); and

WHEREAS, COUNTY may transfer funds to DHCS for deposit into the Private Hospital Supplemental Fund pursuant to Section 433.51 of Title 42 of the Code of Federal Regulations and Welfare and Institutions Code Section 14166.12(e); and

WHEREAS, DHCS shall use transferred funds to obtain federal financial participation for distribution in all or part to HOSPITAL; and

WHEREAS, COUNTY is agreeable to transferring funds on behalf of HOSPITAL to DHCS; and

WHEREAS, HOSPITAL is agreeable to the rendering of such services on the terms and conditions hereinafter set forth:

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

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REFERENCED CONTRACT PROVISIONS

Allocation Period: May 18, 2010 through December 31, 2010

Total Maximum Obligation: **$127,000**

Basis for Reimbursement: Negotiated Amount
Payment Method: Intergovernmental Transfer to California Department of Health Care Services

Notices to COUNTY and CONTRACTOR:

COUNTY: County of Orange
Health Care Agency
Manager of Operations
Medical and Institutional Health Services Operations
405 West 5th Street, Room 718
Santa Ana, CA 92701-4637

HOSPITAL: Attention: Daniel J. Brothman, CFO
WMC-A, INC., dba WESTERN MEDICAL CENTER-SANTA ANA, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.
1001 N. Tustin. Ave
Santa Ana, CA 92705

HOSPITAL'S Insurance Coverages:

Coverage	Minimum Limits
Workers' Compensation	Statutory
Employer's Liability	$1,000,000
Professional Liability	$3,000,000
Comprehensive General Liability Insurance	$5,000,000

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I. ALLOCATION PERIOD

A. The allocation period of this Agreement shall commence and terminate as specified on Page 3 of this Agreement, unless otherwise sooner terminated as provided elsewhere in this Agreement; provided, however, the parties shall continue to be obligated to comply with the requirements and perform such duties specified in this Agreement. Such duties include, but are not limited to, obligations with respect to claims processing, reimbursement, confidentiality, indemnification, audits, accounting, and data reporting.

B. Any administrative duty or obligation to be performed pursuant to this Agreement on a weekend or holiday may be performed on the next regular business day.

II. ALTERATION OF TERMS

This Agreement fully expresses all understanding of COUNTY and HOSPITAL with respect to the subject matter of this Agreement, and shall constitute the total Agreement between the parties for these purposes. No addition to, or alteration of, the terms of this Agreement, whether written or verbal, shall be valid unless made in writing and formally approved and executed by both parties.

III. COMPLIANCE

A. COUNTY'S Health Care Agency (HCA) has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.

1. HOSPITAL may adopt HCA'S Compliance Program or establish its own. If HOSPITAL has established its own Compliance Program, HOSPITAL shall acknowledge existence of HCA'S Compliance Program and shall provide certification to ADMINISTRATOR that HOSPITAL shall operate its own Compliance Program and shall ensure that its employees, subcontractors, interns, volunteers, and members of Board of Directors or duly authorized agent, if appropriate, ("Covered Individuals") are made aware of HOSPITAL'S Compliance Program policies and procedures.

2. If HOSPITAL elects to adopt HCA'S Compliance Program, ADMINISTRATOR shall provide HOSPITAL with a copy of the relevant HCA Policies and Procedures relating to the Office of Compliance. HOSPITAL shall ensure that Covered Individuals relative to this Agreement are made aware of these Policies and Procedures.

B. CODE OF CONDUCT – Under the direction of the HCA Office of Compliance, a Code of Conduct for adherence by all HCA employees and contract providers has been developed.

1. Within thirty (30) calendar days of award of this Agreement, HOSPITAL has the option of submitting to ADMINISTRATOR a signed acknowledgement and agreement that HOSPITAL shall comply with the "HCA Contractor Code of Conduct" specified in subparagraph B.3 below or Hospital shall submit a copy of its Code of Conduct to ADMINISTRATOR for review and comparison to federal, state, and COUNTY standards by the HCA Compliance Officer.

2. If HOSPITAL elects to submit a copy of its Code of Conduct, HCA'S Compliance Officer shall advise HOSPITAL of any necessary changes to Hospital's Code of Conduct to meet minimum

standards and HOSPITAL shall either take necessary action to meet said standards or shall be asked to acknowledge and agree to the "HCA Contractor Code of Conduct" specified in subparagraph B.3. below.

3. HCA CONTRACTOR CODE OF CONDUCT – HOSPITAL and its employees and subcontractors shall:

a. Comply with all applicable laws, regulations, rules or guidelines when providing and billing for services specified herein.

b. Use their best efforts to conduct themselves honestly fairly, courteously and with a high degree of integrity in their professional dealings related to this Agreement and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of HOSPITAL and/or COUNTY.

c. Treat COUNTY employees, clients and other COUNTY contractors fairly and with respect.

d. NOT engage in any activity in violation of HCA'S Compliance Program, nor engage in any other conduct which violates any applicable law, regulation, rule or guideline.

e. Take precautions to ensure that claims are prepared and submitted accurately, timely and are consistent with all applicable laws, regulations, rules or guidelines.

f. Ensure that no false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind are submitted.

g. Bill only for eligible services actually rendered and fully documented and use billing codes that accurately describe the services provided.

h. Act promptly to investigate and correct problems if errors in claims or billings are discovered.

i. Promptly report to HCA'S Compliance Officer any activity that HOSPITAL believes may violate the standards of the HCA Compliance Program, or any other applicable law, regulation, rule or guideline.

j. Promptly report to HCA'S Compliance Officer any suspected violation(s) of this HCA Contractor Code of Conduct by COUNTY employees.

k. Consult with HCA'S Compliance Officer if there are any questions or uncertainties of any Compliance Program standard or any other applicable law regulation, rule or guideline.

4. Failure of HOSPITAL to timely submit the acknowledgement of the HCA Contractor Code of Conduct or its own Code of Conduct shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of such notice from ADMINISTRATOR shall constitute grounds for termination of this Agreement as to the non-complying party.

C. HOSPITAL shall screen all Covered Individuals employed or retained to provide services related to this Agreement to ensure that they are not designated as "Ineligible Persons", as defined hereunder. Screening shall be conducted against the General Services Administration's List of Parties Excluded from Federal Programs and the Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities.

1. Ineligible Person shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

2. HOSPITAL shall screen prospective Covered Individuals prior to hire or engagement. HOSPITAL shall not hire or engage any Ineligible Person to provide services relative to this Agreement.

3. HOSPITAL shall screen all current Covered Individuals semi-annually, each January and July unless otherwise authorized in writing by ADMINISTRATOR, to ensure that they have not become Ineligible Persons.

4. Covered Individuals shall be required to disclose to HOSPITAL immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. HOSPITAL shall notify COUNTY immediately upon such disclosure.

5. In addition to screening organizations and vendor under subcontract, HOSPITAL shall also request that its subcontractors warrant that they are eligible to participate in all federal and State of California health programs and have not been excluded or debarred from participation in a federal or state health care programs, and to further warrant to HOSPITAL that they do not have any Ineligible Person in their employ or under contract.

6. HOSPITAL acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with COUNTY in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If HOSPITAL becomes aware that a Covered Individual has become an Ineligible Person, HOSPITAL shall remove such individual from responsibility for, or involvement with, HCA business operations related to this Agreement.

D. REIMBURSEMENT STANDARDS

1. HOSPITAL shall take reasonable precaution to ensure that the coding of health care claims and billing for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and county laws and regulations as well as HCA'S policies and/or agreements with third party payers. This includes compliance with federal and state health care program regulations and procedures or instructions otherwise communicated by regulatory agencies including the Centers for Medicare and Medicaid Services or their agents.

2. HOSPITAL shall not submit false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind.

3. HOSPITAL shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, HOSPITAL shall use only correct billing codes that accurately describe the services provided.

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4. HOSPITAL shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified by anyone.

E. COMPLIANCE TRAINING – ADMINISTRATOR shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.

1. HOSPITAL shall use its best efforts to encourage attendance at Compliance Training by Covered Individuals.

2. Such training will be made available to Covered Individuals within thirty (30) calendar days of employment or engagement.

3. Such training will be made available to each Covered Individual annually.

4. Each Covered Individual attending training shall certify, in writing, attendance at compliance training. HOSPITAL shall retain the certifications. Upon written request by ADMINISTRATOR, HOSPITAL shall provide copies of the certifications.

IV. CONFIDENTIALITY

A. Each party shall use its best efforts to maintain the confidentiality of all records, including billings, claims, and any audio and/or video recordings, in accordance with all applicable state and federal codes and regulations, as they now exist or may hereafter be amended or changed including, but not limited to the Health Insurance Portability and Accountability Act.

B. Prior to providing any services pursuant to this Agreement, all HOSPITAL'S employees, contractors, and members of Board of Directors, or its designee or duly authorized agent(s) shall agree, in writing, with HOSPITAL to use their respective best efforts to maintain, in accordance with applicable laws and regulations, the confidentiality of any and all information and records which may be obtained in the course of providing such services. The agreement shall specify that it is effective irrespective of all subsequent resignations or terminations of HOSPITAL'S employees, contractors, and members of Board of Directors or duly authorized agent.

V. DELEGATION, ASSIGNMENT, AND SUBCONTRACTS

A. HOSPITAL may not delegate the obligations hereunder or assign its rights, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned, or delayed; provided however, obligations undertaken by HOSPITAL pursuant to this Agreement may be carried out by means of contracts, provided such contracts meet the requirements of this Agreement as they relate to the service or activity under contract, include any provisions that ADMINISTRATOR may reasonably require, and are approved in writing by ADMINISTRATOR, which approval shall not be unreasonably conditioned, withheld, or delayed. This provision shall not be applicable to service agreements usually and customarily entered into by HOSPITAL to obtain or arrange for supplies, technical support, or professional services. No contract shall terminate or alter the responsibilities of HOSPITAL to COUNTY pursuant to this Agreement.

B. HOSPITAL may not assign the rights hereunder, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably conditioned, withheld, or delayed. Any change in the control structure, including but not limited to, the sale or transfer of more than fifty percent (50%) of the assets or stock of HOSPITAL, change to another corporate structure, including a change to a sole proprietorship, or a change in fifty percent (50%) or more of HOSPITAL'S directors at one time (six-months or less) shall be deemed an assignment pursuant to this paragraph. Any attempted assignment or delegation in derogation of this subparagraph shall be void.

VI. FACILITIES, PAYMENTS AND SERVICES

COUNTY shall compensate HOSPITAL, and HOSPITAL agrees to provide the services, staffing, facilities, any equipment and supplies, and reports in accordance with this Agreement. HOSPITAL shall use its best efforts to operate continuously throughout the term of this Agreement with at least the minimum number and type of staff which meet applicable state and federal requirements, and which are necessary for the provision of the services hereunder.

VII. INDEMNIFICATION AND INSURANCE

A. HOSPITAL agrees to indemnify, defend and hold COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies for which COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands, including defense costs, or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by HOSPITAL pursuant to this Agreement. If judgment is entered against HOSPITAL and COUNTY by a court of competent jurisdiction because of the concurrent active negligence of COUNTY or COUNTY INDEMNITEES, HOSPITAL and COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

B. Without limiting HOSPITAL'S indemnification, HOSPITAL warrants that it is self-insured or shall maintain in force at all times during the term of this Agreement, the policy or policies of insurance covering its operations placed with reputable insurance companies in amounts as specified on Page 3 of this Agreement. Upon request by ADMINISTRATOR, HOSPITAL shall provide evidence of such insurance.

C. All insurance policies except Workers' Compensation and Employer's Liability shall contain the following clauses:

1. "The County of Orange is included as an additional insured with respect to the operations of the named insured performed under contract with the County of Orange."

2. "It is agreed that any insurance maintained by the County of Orange shall apply in excess of, and not contribute with, insurance provided by this policy."

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3. "This insurance shall not be canceled, limited or non–renewed until after thirty (30) calendar days written notice has been given to Orange County HCA/Manager of Operations, Medical and Institutional Health Services, 405 West 5th Street, Room 718, Santa Ana, CA 92701-4637."

D. Certificates of Insurance and endorsements evidencing the above coverages and clauses shall be mailed to COUNTY as referenced on Page 3 of this Agreement.

VIII. INSPECTIONS AND AUDITS

A. ADMINISTRATOR, any authorized representative of COUNTY, any authorized representative of the State of California, the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States, or any of their authorized representatives, shall have access to any books, documents, and records, including, but not limited to, medical and patient records, of HOSPITAL which such persons deem reasonably pertinent to this Agreement, for the purpose of responding to a patient complaint or, conducting an audit, review, evaluation, or examination, or making transcripts during the periods of retention set forth in the Records Paragraph of this Agreement. The above mentioned persons, may at all reasonable times, inspect or otherwise evaluate the services provided pursuant to this Agreement and the premises in which they are provided; provided, however, such inspections or evaluations shall not interfere with patient care.

1. These audits, reviews, evaluations, or examinations may include, but are not limited to, the following:

a. Level and quality of care, including the necessity and appropriateness of the services provided.

b. Financial records when determined necessary to protect public funds.

c. Internal procedures for assuring efficiency, economy, and quality of care.

d. Grievances relating to medical care, and their disposition, or other types of complaints or problems.

2. ADMINISTRATOR shall provide HOSPITAL with at least fifteen (15) calendar days prior notice of such inspection or evaluation; provided, however, that the California Department of Health Care Services, or duly authorized representative, which may include COUNTY, shall be required to provide at least seventy-two (72) hours notice for its onsite inspections and evaluations. Unannounced inspections, evaluations, or requests for information may be made in those situations where arrangement of an appointment beforehand is not possible or inappropriate due to the nature of the inspection or evaluation.

B. HOSPITAL shall actively participate and cooperate with any person specified in subparagraph A. above in any evaluation of the services provided pursuant to this Agreement, and shall provide the above-mentioned persons adequate office space to conduct such evaluation. Such space must be capable of being locked and secured to protect the work of said persons during the period of their evaluation.

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C. AUDIT RESPONSE

1. Following an audit report, in the event of non-compliance with applicable laws and regulations governing funds provided, or to be provided, through this Agreement, COUNTY may terminate this Agreement or may direct HOSPITAL to immediately implement appropriate corrective action. A plan of correction shall be submitted to ADMINISTRATOR in writing within thirty (30) calendar days after receiving notice from ADMINISTRATOR.

2. If the audit reveals that money is payable from one party to the other, that is, reimbursement by HOSPITAL to COUNTY, or payment of sums due from COUNTY to HOSPITAL, said funds shall be due and payable from one party to the other within sixty (60) calendar days of receipt of the audit results. If reimbursement is due from HOSPITAL to COUNTY, and such reimbursement is not received within said sixty (60) calendar days, COUNTY may, in addition to any other remedies, reduce any amount owed HOSPITAL by an amount not to exceed the reimbursement due COUNTY.

IX. LICENSES AND LAW

A. HOSPITAL, its officers, agents, employees, affiliates, and contractors shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, accreditations, certificates, waivers and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, COUNTY, and any other applicable governmental agencies. HOSPITAL shall notify ADMINISTRATOR immediately and in writing of its inability to obtain or maintain, irrespective of the pendency of any hearings or appeals, such permits, licenses, approvals, certificates, accreditations, waivers and exemptions. Said inability shall be cause for termination of this Agreement.

B. HOSPITAL shall comply with all applicable governmental laws, regulations, or requirements as they exist now or may be hereafter amended or changed.

C. This Agreement is not intended nor shall it be construed to affect, except as expressly provided for herein, COUNTY'S or HOSPITAL'S existing rights, obligations, and responsibilities with respect to care required by or provided to indigent patients; provided, however, that each party's rights and obligations with respect to patients treated hereunder shall be limited to the rights and obligations established and agreed to hereunder.

D. HOSPITAL warrants, to the best of its knowledge, that all hospital-based physicians providing services at HOSPITAL, under this Agreement, are and will continue to be as long as this Agreement remains in effect, the holders of currently valid licenses to practice medicine in the State of California and are members in "good standing" of the medical staff of HOSPITAL'S facility.

E. HOSPITAL warrants that it makes its best effort to fully comply with all federal and state statutes and regulations regarding the employment of aliens and others and that employees performing work under this Agreement meet the citizenship or alien status requirement set forth in federal statutes and regulations. HOSPITAL shall obtain, from all employees performing work hereunder, all verification and

other documentation of employment eligibility status required by federal or state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. HOSPITAL shall retain all such documentation for all covered employees for the period prescribed by the law.

F. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS

1. HOSPITAL agrees to furnish to ADMINISTRATOR within thirty (30) calendar days of the award of this Agreement:

a. In the case of an individual contractor, his/her name, date of birth, Social Security number, and residence address;

b. In the case of a contractor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in the contracting entity;

c. A certification that HOSPITAL has fully complied with all applicable federal and state reporting requirements regarding its employees;

d. A certification that HOSPITAL has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

2. Failure of HOSPITAL to timely submit the data or certifications required by subparagraph 1.a., 1.b., 1.c., or 1.d. above, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from COUNTY shall constitute grounds for termination of this Agreement as to the non-complying party.

3. It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, as permitted by federal and state statutes.

X. NONDISCRIMINATION

A. EMPLOYMENT

1. During the performance of this Agreement, HOSPITAL shall not unlawfully discriminate against any employee or applicant for employment because of his or her ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. HOSPITAL shall warrant that the evaluation and treatment of employees and applicants for employment is free from discrimination in the areas of: employment; promotion; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. There shall be posted, in conspicuous places, available to employees and applicants for employment, notices from ADMINISTRATOR and/or the United States Equal Employment Opportunity Commission setting forth the provisions of the Equal Opportunity Clause.

2. All solicitations or advertisements for employees placed by or on behalf of HOSPITAL and its contractors shall state that all qualified applicants will receive consideration for employment without regard to ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. Such requirement shall be deemed fulfilled by use of the phrase "an equal opportunity employer."

3. HOSPITAL shall give written notice of its obligations under this Equal Opportunity Clause to each labor union with which HOSPITAL has a collective bargaining agreement.

4. Upon a finding of discrimination by the Equal Opportunity Commission, Department of Fair Employment and Housing, or a court of competent jurisdiction, and after exhaustion of any and all appeals, this Agreement may be canceled, terminated or suspended in whole or in part, and HOSPITAL may be declared ineligible for future contracts.

B. SERVICES, BENEFITS, AND FACILITIES - HOSPITAL shall not discriminate in the provision of services, the allocation of benefits, or in the accommodation in facilities on the basis of ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability in accordance with Title VI of the Civil Rights Act of 1964, 42, U.S.C.A. §2000d and all other pertinent rules and regulations promulgated pursuant thereto, and as otherwise provided by state law and regulations, as all may now exist or be hereafter amended or changed.

C. PERSONS WITH DISABILITIES - HOSPITAL agrees to comply with the provisions of §504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 794 et seq., as implemented in 45 CFR 84.1 et seq.), and the Americans with Disabilities Act of 1990 (42 U.S.C.A. 12101, et seq.), pertaining to the prohibition of discrimination against qualified persons with disabilities as they exist now or may be hereafter amended together with succeeding legislation.

D. RETALIATION - Neither HOSPITAL, nor its employees or agents shall intimidate, coerce, or take adverse action against any person for the purpose of interfering with rights secured by federal or state laws, or because such person has filed a complaint, certified, assisted, or otherwise participated in an investigation, proceeding, hearing or any other activity undertaken to enforce rights secured by federal or state law.

XI. NOTICES

A. Unless otherwise specified in this Agreement, all notices, claims, correspondence, reports, and/or statements authorized or required by this Agreement, shall be effective:

1. When delivered personally; or

2. Three (3) days from the date sent by certified or registered mail in the United States Postal Service, return receipt requested, postage prepaid, or first class postage prepaid, and addressed as specified on Page 3 of this Agreement; or

3. When faxed, transmission confirmed; or

4. When sent by electronic mail; or

5. When delivered by United States Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

B. Termination Notices shall be addressed as specified on Page 3 of this Agreement, and shall be effective when faxed, transmission confirmed, or when delivered by U.S. Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

C. Any party to this Agreement may change the address at which it wishes to receive notice by giving notice to the other party in the manner set forth above. For purposes of this Agreement, any notice to be provided by COUNTY may be given by ADMINISTRATOR.

XII. RECORDS

A. HOSPITAL shall maintain records that are adequate for the California Department of Health Services to substantiate the services for which claims are submitted for reimbursement as funded under this Agreement and the charges thereto. Such records shall include, but not be limited to, individual patient charts and utilization review records.

B. RECORDS RETENTION

1. All records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange, for a period of seven (7) years after final payment under this Agreement.

2. Records which relate to litigation or settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by COUNTY or state or federal governments, shall be retained by HOSPITAL until disposition of such appeals, litigation, claims or exceptions is completed.

XIII. RESPONSIBILITIES OF COUNTY

A. Following execution of this Agreement by the Orange County Board of Supervisors, COUNTY shall transfer $127,000 to the California Department of Health Care Services (DHCS) for deposit into the Private Hospital Supplemental Fund.

B. Pursuant to Welfare and Institutions (W&I) Code 14166.12(f), DHCS shall utilize the non-federal funds provided by COUNTY to obtain federal financial participation including Federal Medical Assistance Percentage (FMAP) and federal financial participation to the full extent permitted by law, which amount COUNTY anticipates to be $247,982.

C. COUNTY shall recommend to the California Medical Assistance Commission (CMAC), responsible for negotiating Private Hospital Supplemental Funds with HOSPITAL, that HOSPITAL also receive the twenty-five percent (25%) balance of the amount deposited plus the corresponding federal financial participation plus the FMAP, anticipated to be $63,500. HOSPITAL understands that

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COUNTY may only make a recommendation regarding these funds and that final determination regarding distribution of these funds rests with CMAC.

XIV. RESPONSIBILITIES OF HOSPITAL

As a condition for HOSPITAL to receive funds specified in Paragraph XIII above, HOSPITAL shall:

A. Operate as a trauma center designated by the Local EMS Agency pursuant to Health and Safety Code, Section 1798.165 for Medi-Cal patients, regardless of age or ability to pay.

B. Meet all Level II trauma center requirements, including the requirement to provide replantation services or have a transfer agreement in place for such services. In this regard, HOSPITAL shall provide at least one-half of the days per month of replantation coverage through December 31, 2010; provided, however, it coordinates its replantation coverage with that of UCI Medical Center.

C. Provide trauma center care and other hospital services to all patients, including Medi-Cal patients, regardless of age or ability to pay, through December 31, 2010.

D. Submit relevant and pertinent data as requested by the Local EMS Agency that complies with state and local EMS data requirements.

E. Agree that no portion of funds received by HOSPITAL from CMAC as approved by this Agreement shall be returned to any government or quasi-governmental agency.

XV. SEVERABILITY

If a court of competent jurisdiction declares any provision of this Agreement or application thereof to any person or circumstances to be invalid or if any provision of this Agreement contravenes any federal, state, or county statutes, ordinance, or regulation, the remaining provisions of this Agreement or the application thereof shall remain valid, and the remaining provisions of this Agreement shall remain in full force and effect, and to that extent the provisions of this Agreement are severable, unless to do so would defeat an essential business purpose of this Agreement.

XVI. STATUS OF PARTIES

A. Each party is, and shall at all times be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this Agreement. Each party is entirely responsible for compensating staff and consultants employed by that party. This Agreement shall not be construed as creating the relationship of employer and employee, or principal and agent, between COUNTY and HOSPITAL or of either party's employees, agents, consultants, or contractors. Each party assumes exclusively the responsibility for the acts of its employees, agents, consultants, or contractors as they relate to the services to be provided during the course and scope of their employment or respective contracts.

B. COUNTY shall neither have, nor exercise, any control or direction over the methods by which HOSPITAL shall perform its obligations under this Agreement. The standards of medical care and

professional duties of HOSPITAL'S employees performing medical services under this Agreement shall be determined, as applicable, by HOSPITAL'S Board of Directors and the standards of care in the community in which HOSPITAL is located, and all applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of HOSPITAL.

XVII. TERM

The term of this Agreement shall commence and terminate as specified on Page 3 of this Agreement; provided, however, CONTRACTOR shall be obligated to perform such duties as would normally extend beyond this term, including but not limited to, obligations with respect to confidentiality, indemnification, audits, reporting and accounting.

XVIII. TERMINATION

A. Neither party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment deemed resulting, directly or indirectly, from Acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or suppliers, vandalism, strikes or other work interruptions by a party's officers, agents, employees, affiliates, or contractors, or any similar cause beyond the reasonable control of any party to this Agreement. However, all parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.

B. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence of any of the following events:

1. The loss by HOSPITAL of legal capacity.
2. Cessation of services.
3. The loss of accreditation or any license required by the Licenses and Law paragraph of this Agreement.

C. After receiving a Notice of Termination, HOSPITAL shall do the following:

1. Comply with termination instructions provided by ADMINISTRATOR in a manner that is consistent with recognized standards of quality care and prudent business practice for hospitals in the communities in which HOSPITAL is located.
2. Obtain immediate clarification from ADMINISTRATOR of any unsettled issues of contract performance during the remaining allocation period.
3. Until the date of termination, continue to provide the same level of service required by this Agreement.
4. Until the date of termination, continue to be reimbursed by COUNTY for provision of services specified herein.
5. If patients are to be transferred to another facility for services, furnish ADMINISTRATOR, upon request, all patient information and records deemed necessary by ADMINISTRATOR to effect an

orderly transfer.

6. Assist ADMINISTRATOR in effecting the transfer of patients in a manner consistent with their best interests.

D. The rights and remedies of COUNTY and HOSPITAL provided in this Termination paragraph shall not be exclusive, and are in addition to any other rights and remedies provided by law or under this Agreement.

XIX. THIRD PARTY BENEFICIARY

No party hereto intends that this Agreement shall create rights hereunder in third parties including, but not limited to, any contractors or any patients provided services hereunder.

XX. WAIVER OF DEFAULT OR BREACH

Waiver by either party of any default by the other party shall not be considered a waiver of any other or subsequent default. Waiver by either party of any breach by the other party of any provision of this Agreement shall not be considered a waiver of any other or subsequent breach. Waiver by the other party of any default or any breach by the other party shall not be considered a modification of the terms of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement, in the County of Orange, State of California.

WMC-A, INC., DBA WESTERN MEDICAL CENTER-SANTA ANA, A WHOLLY OWNED SUBSIDIARY OF INTEGRATED HEALTHCARE HOLDINGS INC.

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

COUNTY OF ORANGE

BY: _____
CHAIR OF THE BOARD
OF SUPERVISORS

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIR OF THE BOARD PER G.C. SEC. 25103, RESO 79-1535
ATTEST:

BY: _____
DARLENE J. BLOOM
Clerk of the Board of Supervisors
of Orange County, California

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

BY: Christopher J. Miller
DEPUTY

DATED: 4/14/10

If Contractor is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. If the Agreement is signed by one (1) authorized individual only, a copy of the corporate resolution or by-laws whereby the board of directors has empowered said authorized individual to act on its behalf by his or her signature alone is required

AGREEMENT FOR PROVISION OF INTERGOVERNMENTAL TRANSFER FUNDS BETWEEN COUNTY OF ORANGE AND PRIME HEALTHCARE GARDEN GROVE, LLC, DBA GARDEN GROVE HOSPITAL AND MEDICAL CENTER

MAY 18, 2010 THROUGH DECEMBER 31, 2010

THIS AGREEMENT (Agreement) entered into this 18th day of May 2010, which date is enumerated for purposes of reference only, is by and between the COUNTY OF ORANGE (COUNTY) and PRIME HEALTHCARE GARDEN GROVE, LLC, DBA GARDEN GROVE HOSPITAL AND MEDICAL CENTER (HOSPITAL). This Agreement shall be administered by the County of Orange Health Care Agency (ADMINISTRATOR).

W I T N E S S E T H:

WHEREAS, HOSPITAL, a general acute care facility, licensed in accordance with the requirements of the California Health Facilities Licensure Act (Health and Safety Code, Sections 1250 et seq.) and the regulations promulgated pursuant thereto, is equipped, staffed and prepared to provide medical services; and

WHEREAS, HOSPITAL currently contracts with the California Department of Health Care Services (DHCS) for the provision of Medi-Cal services; and

WHEREAS, HOSPITAL also meets the criteria to be eligible for payments from the Private Hospital Supplemental Fund established pursuant to Welfare and Institutions Code Section 14166.12(b); and

WHEREAS, COUNTY may transfer funds to DHCS for deposit into the Private Hospital Supplemental Fund pursuant to Section 433.51 of Title 42 of the Code of Federal Regulations and Welfare and Institutions Code Section 14166.12(e); and

WHEREAS, DHCS shall use transferred funds to obtain federal financial participation for distribution in all or part to HOSPITAL; and

WHEREAS, COUNTY is agreeable to transferring funds on behalf of HOSPITAL to DHCS; and

WHEREAS, HOSPITAL is agreeable to the rendering of such services on the terms and conditions hereinafter set forth:

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

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REFERENCED CONTRACT PROVISIONS

Allocation Period: May 18, 2010 through December 31, 2010

Total Maximum Obligation: **$94,682**

Basis for Reimbursement: Negotiated Amount
Payment Method: Intergovernmental Transfer to California Department of Health Care Services

Notices to COUNTY and CONTRACTOR:

COUNTY: County of Orange
Health Care Agency
Manager of Operations
Medical and Institutional Health Services Operations
405 West 5th Street, Room 718
Santa Ana, CA 92701-4637

HOSPITAL: Attention: Alan Smith, CFO
PRIME HEALTHCARE GARDEN GROVE, LLC, DBA GARDEN GROVE HOSPITAL AND MEDICAL CENTER
12601 Garden Grove Blvd.
Garden Grove, CA 92843

HOSPITAL'S Insurance Coverages:

Coverage	Minimum Limits
Workers' Compensation	Statutory
Employer's Liability	$1,000,000
Professional Liability	$3,000,000
Comprehensive General Liability Insurance	$5,000,000

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I. ALLOCATION PERIOD

A. The allocation period of this Agreement shall commence and terminate as specified on Page 3 of this Agreement, unless otherwise sooner terminated as provided elsewhere in this Agreement; provided, however, the parties shall continue to be obligated to comply with the requirements and perform such duties specified in this Agreement. Such duties include, but are not limited to, obligations with respect to claims processing, reimbursement, confidentiality, indemnification, audits, accounting, and data reporting.

B. Any administrative duty or obligation to be performed pursuant to this Agreement on a weekend or holiday may be performed on the next regular business day.

II. ALTERATION OF TERMS

This Agreement fully expresses all understanding of COUNTY and HOSPITAL with respect to the subject matter of this Agreement, and shall constitute the total Agreement between the parties for these purposes. No addition to, or alteration of, the terms of this Agreement, whether written or verbal, shall be valid unless made in writing and formally approved and executed by both parties.

III. COMPLIANCE

A. COUNTY'S Health Care Agency (HCA) has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.

1. HOSPITAL may adopt HCA'S Compliance Program or establish its own. If HOSPITAL has established its own Compliance Program, HOSPITAL shall acknowledge existence of HCA'S Compliance Program and shall provide certification to ADMINISTRATOR that HOSPITAL shall operate its own Compliance Program and shall ensure that its employees, subcontractors, interns, volunteers, and members of Board of Directors or duly authorized agent, if appropriate, ("Covered Individuals") are made aware of HOSPITAL'S Compliance Program policies and procedures.

2. If HOSPITAL elects to adopt HCA'S Compliance Program, ADMINISTRATOR shall provide HOSPITAL with a copy of the relevant HCA Policies and Procedures relating to the Office of Compliance. HOSPITAL shall ensure that Covered Individuals relative to this Agreement are made aware of these Policies and Procedures.

B. CODE OF CONDUCT – Under the direction of the HCA Office of Compliance, a Code of Conduct for adherence by all HCA employees and contract providers has been developed.

1. Within thirty (30) calendar days of award of this Agreement, HOSPITAL has the option of submitting to ADMINISTRATOR a signed acknowledgement and agreement that HOSPITAL shall comply with the "HCA Contractor Code of Conduct" specified in subparagraph B.3 below or Hospital shall submit a copy of its Code of Conduct to ADMINISTRATOR for review and comparison to federal, state, and COUNTY standards by the HCA Compliance Officer.

2. If HOSPITAL elects to submit a copy of its Code of Conduct, HCA'S Compliance Officer shall advise HOSPITAL of any necessary changes to Hospital's Code of Conduct to meet minimum

standards and HOSPITAL shall either take necessary action to meet said standards or shall be asked to acknowledge and agree to the "HCA Contractor Code of Conduct" specified in subparagraph B.3. below.

3. HCA CONTRACTOR CODE OF CONDUCT – HOSPITAL and its employees and subcontractors shall:

a. Comply with all applicable laws, regulations, rules or guidelines when providing and billing for services specified herein.

b. Use their best efforts to conduct themselves honestly fairly, courteously and with a high degree of integrity in their professional dealings related to this Agreement and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of HOSPITAL and/or COUNTY.

c. Treat COUNTY employees, clients and other COUNTY contractors fairly and with respect.

d. NOT engage in any activity in violation of HCA'S Compliance Program, nor engage in any other conduct which violates any applicable law, regulation, rule or guideline.

e. Take precautions to ensure that claims are prepared and submitted accurately, timely and are consistent with all applicable laws, regulations, rules or guidelines.

f. Ensure that no false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind are submitted.

g. Bill only for eligible services actually rendered and fully documented and use billing codes that accurately describe the services provided.

h. Act promptly to investigate and correct problems if errors in claims or billings are discovered.

i. Promptly report to HCA'S Compliance Officer any activity that HOSPITAL believes may violate the standards of the HCA Compliance Program, or any other applicable law, regulation, rule or guideline.

j. Promptly report to HCA'S Compliance Officer any suspected violation(s) of this HCA Contractor Code of Conduct by COUNTY employees.

k. Consult with HCA'S Compliance Officer if there are any questions or uncertainties of any Compliance Program standard or any other applicable law regulation, rule or guideline.

4. Failure of HOSPITAL to timely submit the acknowledgement of the HCA Contractor Code of Conduct or its own Code of Conduct shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of such notice from ADMINISTRATOR shall constitute grounds for termination of this Agreement as to the non-complying party.

C. HOSPITAL shall screen all Covered Individuals employed or retained to provide services related to this Agreement to ensure that they are not designated as "Ineligible Persons", as defined hereunder. Screening shall be conducted against the General Services Administration's List of Parties Excluded from Federal Programs and the Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities.

1. Ineligible Person shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

2. HOSPITAL shall screen prospective Covered Individuals prior to hire or engagement. HOSPITAL shall not hire or engage any Ineligible Person to provide services relative to this Agreement.

3. HOSPITAL shall screen all current Covered Individuals semi-annually, each January and July unless otherwise authorized in writing by ADMINISTRATOR, to ensure that they have not become Ineligible Persons.

4. Covered Individuals shall be required to disclose to HOSPITAL immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. HOSPITAL shall notify COUNTY immediately upon such disclosure.

5. In addition to screening organizations and vendor under subcontract, HOSPITAL shall also request that its subcontractors warrant that they are eligible to participate in all federal and State of California health programs and have not been excluded or debarred from participation in a federal or state health care programs, and to further warrant to HOSPITAL that they do not have any Ineligible Person in their employ or under contract.

6. HOSPITAL acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with COUNTY in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If HOSPITAL becomes aware that a Covered Individual has become an Ineligible Person, HOSPITAL shall remove such individual from responsibility for, or involvement with, HCA business operations related to this Agreement.

D. REIMBURSEMENT STANDARDS

1. HOSPITAL shall take reasonable precaution to ensure that the coding of health care claims and billing for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and county laws and regulations as well as HCA'S policies and/or agreements with third party payers. This includes compliance with federal and state health care program regulations and procedures or instructions otherwise communicated by regulatory agencies including the Centers for Medicare and Medicaid Services or their agents.

2. HOSPITAL shall not submit false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind.

3. HOSPITAL shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, HOSPITAL shall use only correct billing codes that accurately describe the services provided.

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4. HOSPITAL shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified by anyone.

E. COMPLIANCE TRAINING – ADMINISTRATOR shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.

1. HOSPITAL shall use its best efforts to encourage attendance at Compliance Training by Covered Individuals.

2. Such training will be made available to Covered Individuals within thirty (30) calendar days of employment or engagement.

3. Such training will be made available to each Covered Individual annually.

4. Each Covered Individual attending training shall certify, in writing, attendance at compliance training. HOSPITAL shall retain the certifications. Upon written request by ADMINISTRATOR, HOSPITAL shall provide copies of the certifications.

IV. CONFIDENTIALITY

A. Each party shall use its best efforts to maintain the confidentiality of all records, including billings, claims, and any audio and/or video recordings, in accordance with all applicable state and federal codes and regulations, as they now exist or may hereafter be amended or changed including, but not limited to the Health Insurance Portability and Accountability Act.

B. Prior to providing any services pursuant to this Agreement, all HOSPITAL'S employees, contractors, and members of Board of Directors, or its designee or duly authorized agent(s) shall agree, in writing, with HOSPITAL to use their respective best efforts to maintain, in accordance with applicable laws and regulations, the confidentiality of any and all information and records which may be obtained in the course of providing such services. The agreement shall specify that it is effective irrespective of all subsequent resignations or terminations of HOSPITAL'S employees, contractors, and members of Board of Directors or duly authorized agent.

V. DELEGATION, ASSIGNMENT, AND SUBCONTRACTS

A. HOSPITAL may not delegate the obligations hereunder or assign its rights, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned, or delayed; provided however, obligations undertaken by HOSPITAL pursuant to this Agreement may be carried out by means of contracts, provided such contracts meet the requirements of this Agreement as they relate to the service or activity under contract, include any provisions that ADMINISTRATOR may reasonably require, and are approved in writing by ADMINISTRATOR, which approval shall not be unreasonably conditioned, withheld, or delayed. This provision shall not be applicable to service agreements usually and customarily entered into by HOSPITAL to obtain or arrange for supplies, technical support, or professional services. No contract shall terminate or alter the responsibilities of HOSPITAL to COUNTY pursuant to this Agreement.

B. HOSPITAL may not assign the rights hereunder, either in whole or in part, without the prior written consent of COUNTY, which consent shall not be unreasonably conditioned, withheld, or delayed. Any change in the control structure, including but not limited to, the sale or transfer of more than fifty percent (50%) of the assets or stock of HOSPITAL, change to another corporate structure, including a change to a sole proprietorship, or a change in fifty percent (50%) or more of HOSPITAL'S directors at one time (six-months or less) shall be deemed an assignment pursuant to this paragraph. Any attempted assignment or delegation in derogation of this subparagraph shall be void.

VI. FACILITIES, PAYMENTS AND SERVICES

COUNTY shall compensate HOSPITAL, and HOSPITAL agrees to provide the services, staffing, facilities, any equipment and supplies, and reports in accordance with this Agreement. HOSPITAL shall use its best efforts to operate continuously throughout the term of this Agreement with at least the minimum number and type of staff which meet applicable state and federal requirements, and which are necessary for the provision of the services hereunder.

VII. INDEMNIFICATION AND INSURANCE

A. HOSPITAL agrees to indemnify, defend and hold COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies for which COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands, including defense costs, or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by HOSPITAL pursuant to this Agreement. If judgment is entered against HOSPITAL and COUNTY by a court of competent jurisdiction because of the concurrent active negligence of COUNTY or COUNTY INDEMNITEES, HOSPITAL and COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

B. Without limiting HOSPITAL'S indemnification, HOSPITAL warrants that it is self-insured or shall maintain in force at all times during the term of this Agreement, the policy or policies of insurance covering its operations placed with reputable insurance companies in amounts as specified on Page 3 of this Agreement. Upon request by ADMINISTRATOR, HOSPITAL shall provide evidence of such insurance.

C. All insurance policies except Workers' Compensation and Employer's Liability shall contain the following clauses:

1. "The County of Orange is included as an additional insured with respect to the operations of the named insured performed under contract with the County of Orange."

2. "It is agreed that any insurance maintained by the County of Orange shall apply in excess of, and not contribute with, insurance provided by this policy."

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3. "This insurance shall not be canceled, limited or non–renewed until after thirty (30) calendar days written notice has been given to Orange County HCA/Manager of Operations, Medical and Institutional Health Services, 405 West 5th Street, Room 718, Santa Ana, CA 92701-4637."

D. Certificates of Insurance and endorsements evidencing the above coverages and clauses shall be mailed to COUNTY as referenced on Page 3 of this Agreement.

VIII. INSPECTIONS AND AUDITS

A. ADMINISTRATOR, any authorized representative of COUNTY, any authorized representative of the State of California, the Secretary of the United States Department of Health and Human Services, the Comptroller General of the United States, or any of their authorized representatives, shall have access to any books, documents, and records, including, but not limited to, medical and patient records, of HOSPITAL which such persons deem reasonably pertinent to this Agreement, for the purpose of responding to a patient complaint or, conducting an audit, review, evaluation, or examination, or making transcripts during the periods of retention set forth in the Records Paragraph of this Agreement. The above mentioned persons, may at all reasonable times, inspect or otherwise evaluate the services provided pursuant to this Agreement and the premises in which they are provided; provided, however, such inspections or evaluations shall not interfere with patient care.

1. These audits, reviews, evaluations, or examinations may include, but are not limited to, the following:

a. Level and quality of care, including the necessity and appropriateness of the services provided.

b. Financial records when determined necessary to protect public funds.

c. Internal procedures for assuring efficiency, economy, and quality of care.

d. Grievances relating to medical care, and their disposition, or other types of complaints or problems.

2. ADMINISTRATOR shall provide HOSPITAL with at least fifteen (15) calendar days prior notice of such inspection or evaluation; provided, however, that the California Department of Health Care Services, or duly authorized representative, which may include COUNTY, shall be required to provide at least seventy-two (72) hours notice for its onsite inspections and evaluations. Unannounced inspections, evaluations, or requests for information may be made in those situations where arrangement of an appointment beforehand is not possible or inappropriate due to the nature of the inspection or evaluation.

B. HOSPITAL shall actively participate and cooperate with any person specified in subparagraph A. above in any evaluation of the services provided pursuant to this Agreement, and shall provide the above-mentioned persons adequate office space to conduct such evaluation. Such space must be capable of being locked and secured to protect the work of said persons during the period of their evaluation.

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C. AUDIT RESPONSE

1. Following an audit report, in the event of non-compliance with applicable laws and regulations governing funds provided, or to be provided, through this Agreement, COUNTY may terminate this Agreement or may direct HOSPITAL to immediately implement appropriate corrective action. A plan of correction shall be submitted to ADMINISTRATOR in writing within thirty (30) calendar days after receiving notice from ADMINISTRATOR.

2. If the audit reveals that money is payable from one party to the other, that is, reimbursement by HOSPITAL to COUNTY, or payment of sums due from COUNTY to HOSPITAL, said funds shall be due and payable from one party to the other within sixty (60) calendar days of receipt of the audit results. If reimbursement is due from HOSPITAL to COUNTY, and such reimbursement is not received within said sixty (60) calendar days, COUNTY may, in addition to any other remedies, reduce any amount owed HOSPITAL by an amount not to exceed the reimbursement due COUNTY.

IX. LICENSES AND LAW

A. HOSPITAL, its officers, agents, employees, affiliates, and contractors shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, accreditations, certificates, waivers and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, COUNTY, and any other applicable governmental agencies. HOSPITAL shall notify ADMINISTRATOR immediately and in writing of its inability to obtain or maintain, irrespective of the pendency of any hearings or appeals, such permits, licenses, approvals, certificates, accreditations, waivers and exemptions. Said inability shall be cause for termination of this Agreement.

B. HOSPITAL shall comply with all applicable governmental laws, regulations, or requirements as they exist now or may be hereafter amended or changed.

C. This Agreement is not intended nor shall it be construed to affect, except as expressly provided for herein, COUNTY'S or HOSPITAL'S existing rights, obligations, and responsibilities with respect to care required by or provided to indigent patients; provided, however, that each party's rights and obligations with respect to patients treated hereunder shall be limited to the rights and obligations established and agreed to hereunder.

D. HOSPITAL warrants, to the best of its knowledge, that all hospital-based physicians providing services at HOSPITAL, under this Agreement, are and will continue to be as long as this Agreement remains in effect, the holders of currently valid licenses to practice medicine in the State of California and are members in "good standing" of the medical staff of HOSPITAL'S facility.

E. HOSPITAL warrants that it makes its best effort to fully comply with all federal and state statutes and regulations regarding the employment of aliens and others and that employees performing work under this Agreement meet the citizenship or alien status requirement set forth in federal statutes and regulations. HOSPITAL shall obtain, from all employees performing work hereunder, all verification and

other documentation of employment eligibility status required by federal or state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. HOSPITAL shall retain all such documentation for all covered employees for the period prescribed by the law.

F. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS

1. HOSPITAL agrees to furnish to ADMINISTRATOR within thirty (30) calendar days of the award of this Agreement:

a. In the case of an individual contractor, his/her name, date of birth, Social Security number, and residence address;

b. In the case of a contractor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of ten percent (10%) or more in the contracting entity;

c. A certification that HOSPITAL has fully complied with all applicable federal and state reporting requirements regarding its employees;

d. A certification that HOSPITAL has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment, and will continue to so comply.

2. Failure of HOSPITAL to timely submit the data or certifications required by subparagraph 1.a., 1.b., 1.c., or 1.d. above, or to comply with all federal and state employee reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement, and failure to cure such breach within sixty (60) calendar days of notice from COUNTY shall constitute grounds for termination of this Agreement as to the non-complying party.

3. It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders, as permitted by federal and state statutes.

X. NONDISCRIMINATION

A. EMPLOYMENT

1. During the performance of this Agreement, HOSPITAL shall not unlawfully discriminate against any employee or applicant for employment because of his or her ethnic group identification, race, religion, ancestry, color, creed, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. HOSPITAL shall warrant that the evaluation and treatment of employees and applicants for employment is free from discrimination in the areas of: employment; promotion; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. There shall be posted, in conspicuous places, available to employees and applicants for employment, notices from ADMINISTRATOR and/or the United States Equal Employment Opportunity Commission setting forth the provisions of the Equal Opportunity Clause.

2. All solicitations or advertisements for employees placed by or on behalf of HOSPITAL and its contractors shall state that all qualified applicants will receive consideration for employment without regard to ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability. Such requirement shall be deemed fulfilled by use of the phrase "an equal opportunity employer."

3. HOSPITAL shall give written notice of its obligations under this Equal Opportunity Clause to each labor union with which HOSPITAL has a collective bargaining agreement.

4. Upon a finding of discrimination by the Equal Opportunity Commission, Department of Fair Employment and Housing, or a court of competent jurisdiction, and after exhaustion of any and all appeals, this Agreement may be canceled, terminated or suspended in whole or in part, and HOSPITAL may be declared ineligible for future contracts.

B. SERVICES, BENEFITS, AND FACILITIES - HOSPITAL shall not discriminate in the provision of services, the allocation of benefits, or in the accommodation in facilities on the basis of ethnic group identification, race, religion, ancestry, creed, color, sex, marital status, national origin, age (40 and over), sexual orientation, medical condition, or physical or mental disability in accordance with Title VI of the Civil Rights Act of 1964, 42, U.S.C.A. §2000d and all other pertinent rules and regulations promulgated pursuant thereto, and as otherwise provided by state law and regulations, as all may now exist or be hereafter amended or changed.

C. PERSONS WITH DISABILITIES - HOSPITAL agrees to comply with the provisions of §504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 794 et seq., as implemented in 45 CFR 84.1 et seq.), and the Americans with Disabilities Act of 1990 (42 U.S.C.A. 12101, et seq.), pertaining to the prohibition of discrimination against qualified persons with disabilities as they exist now or may be hereafter amended together with succeeding legislation.

D. RETALIATION - Neither HOSPITAL, nor its employees or agents shall intimidate, coerce, or take adverse action against any person for the purpose of interfering with rights secured by federal or state laws, or because such person has filed a complaint, certified, assisted, or otherwise participated in an investigation, proceeding, hearing or any other activity undertaken to enforce rights secured by federal or state law.

XI. NOTICES

A. Unless otherwise specified in this Agreement, all notices, claims, correspondence, reports, and/or statements authorized or required by this Agreement, shall be effective:

1. When delivered personally; or

2. Three (3) days from the date sent by certified or registered mail in the United States Postal Service, return receipt requested, postage prepaid, or first class postage prepaid, and addressed as specified on Page 3 of this Agreement; or

3. When faxed, transmission confirmed; or

4. When sent by electronic mail; or

5. When delivered by United States Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

B. Termination Notices shall be addressed as specified on Page 3 of this Agreement, and shall be effective when faxed, transmission confirmed, or when delivered by U.S. Postal Service Express Mail, Federal Express, United Parcel Service, or other expedited delivery service.

C. Any party to this Agreement may change the address at which it wishes to receive notice by giving notice to the other party in the manner set forth above. For purposes of this Agreement, any notice to be provided by COUNTY may be given by ADMINISTRATOR.

XII. RECORDS

A. HOSPITAL shall maintain records that are adequate for the California Department of Health Services to substantiate the services for which claims are submitted for reimbursement as funded under this Agreement and the charges thereto. Such records shall include, but not be limited to, individual patient charts and utilization review records.

B. RECORDS RETENTION

1. All records connected with the performance of this Agreement shall be retained by the parties, at a location in the County of Orange, for a period of seven (7) years after final payment under this Agreement.

2. Records which relate to litigation or settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by COUNTY or state or federal governments, shall be retained by HOSPITAL until disposition of such appeals, litigation, claims or exceptions is completed.

XIII. RESPONSIBILITIES OF COUNTY

A. Following execution of this Agreement by the Orange County Board of Supervisors, COUNTY shall transfer $94,682 to the California Department of Health Care Services (DHCS) for deposit into the Private Hospital Supplemental Fund.

B. Pursuant to Welfare and Institutions (W&I) Code 14166.12(f), DHCS shall utilize the non-federal funds provided by COUNTY to obtain federal financial participation including Federal Medical Assistance Percentage (FMAP) and federal financial participation to the full extent permitted by law, which amount COUNTY anticipates to be $184,876.

C. COUNTY shall recommend to the California Medical Assistance Commission (CMAC), responsible for negotiating Private Hospital Supplemental Funds with HOSPITAL, that HOSPITAL also receive the twenty-five percent (25%) balance of the amount deposited plus the corresponding federal financial participation plus the FMAP, anticipated to be $47,341. HOSPITAL understands that

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COUNTY may only make a recommendation regarding these funds and that final determination regarding distribution of these funds rests with CMAC.

XIV. RESPONSIBILITIES OF HOSPITAL

As a condition for HOSPITAL to receive funds specified in Paragraph XIII above, HOSPITAL shall:

A. Operate as an acute care hospital for Medi-Cal patients, regardless of ability to pay, and continually meet all applicable standards established in Title 22 as they now exist or may be hereafter amended.

B. Maintain designation as a Paramedic Receiving Center by the Local Emergency Medical Services (EMS) Agency pursuant through December 31, 2010.

C. Provide Paramedic Receiving Center Services and other hospital services to all patients, including Medi-Cal patients, regardless of age or ability to pay, through December 31, 2010.

D. Submit relevant and pertinent data as requested by the Local EMS Agency that complies with state and local EMS data requirements.

E. Agree that no portion of funds received by HOSPITAL from CMAC as approved by this Agreement shall be returned to any government or quasi-governmental agency.

XV. SEVERABILITY

If a court of competent jurisdiction declares any provision of this Agreement or application thereof to any person or circumstances to be invalid or if any provision of this Agreement contravenes any federal, state, or county statutes, ordinance, or regulation, the remaining provisions of this Agreement or the application thereof shall remain valid, and the remaining provisions of this Agreement shall remain in full force and effect, and to that extent the provisions of this Agreement are severable, unless to do so would defeat an essential business purpose of this Agreement.

XVI. STATUS OF PARTIES

A. Each party is, and shall at all times be deemed to be, an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it by the terms of this Agreement. Each party is entirely responsible for compensating staff and consultants employed by that party. This Agreement shall not be construed as creating the relationship of employer and employee, or principal and agent, between COUNTY and HOSPITAL or of either party's employees, agents, consultants, or contractors. Each party assumes exclusively the responsibility for the acts of its employees, agents, consultants, or contractors as they relate to the services to be provided during the course and scope of their employment or respective contracts.

B. COUNTY shall neither have, nor exercise, any control or direction over the methods by which HOSPITAL shall perform its obligations under this Agreement. The standards of medical care and professional duties of HOSPITAL'S employees performing medical services under this Agreement shall

be determined, as applicable, by HOSPITAL'S Board of Directors and the standards of care in the community in which HOSPITAL is located, and all applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of HOSPITAL.

XVII. TERM

The term of this Agreement shall commence and terminate as specified on Page 3 of this Agreement; provided, however, CONTRACTOR shall be obligated to perform such duties as would normally extend beyond this term, including but not limited to, obligations with respect to confidentiality, indemnification, audits, reporting and accounting.

XVIII. TERMINATION

A. Neither party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment deemed resulting, directly or indirectly, from Acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or suppliers, vandalism, strikes or other work interruptions by a party's officers, agents, employees, affiliates, or contractors, or any similar cause beyond the reasonable control of any party to this Agreement. However, all parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.

B. COUNTY may terminate this Agreement immediately, upon written notice, on the occurrence of any of the following events:

1. The loss by HOSPITAL of legal capacity.
2. Cessation of services.
3. The loss of accreditation or any license required by the Licenses and Law paragraph of this Agreement.

C. After receiving a Notice of Termination, HOSPITAL shall do the following:

1. Comply with termination instructions provided by ADMINISTRATOR in a manner that is consistent with recognized standards of quality care and prudent business practice for hospitals in the communities in which HOSPITAL is located.
2. Obtain immediate clarification from ADMINISTRATOR of any unsettled issues of contract performance during the remaining allocation period.
3. Until the date of termination, continue to provide the same level of service required by this Agreement.
4. Until the date of termination, continue to be reimbursed by COUNTY for provision of services specified herein.
5. If patients are to be transferred to another facility for services, furnish ADMINISTRATOR, upon request, all patient information and records deemed necessary by ADMINISTRATOR to effect an orderly transfer.

6. Assist ADMINISTRATOR in effecting the transfer of patients in a manner consistent with their best interests.

D. The rights and remedies of COUNTY and HOSPITAL provided in this Termination paragraph shall not be exclusive, and are in addition to any other rights and remedies provided by law or under this Agreement.

XIX. THIRD PARTY BENEFICIARY

No party hereto intends that this Agreement shall create rights hereunder in third parties including, but not limited to, any contractors or any patients provided services hereunder.

XX. WAIVER OF DEFAULT OR BREACH

Waiver by either party of any default by the other party shall not be considered a waiver of any other or subsequent default. Waiver by either party of any breach by the other party of any provision of this Agreement shall not be considered a waiver of any other or subsequent breach. Waiver by the other party of any default or any breach by the other party shall not be considered a modification of the terms of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement, in the County of Orange, State of California.

PRIME HEALTHCARE GARDEN GROVE, LLC, DBA GARDEN GROVE HOSPITAL AND MEDICAL CENTER

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

DATE: _____

PRINTED NAME: _____

BY: _____

TITLE: _____

COUNTY OF ORANGE

BY: _____
CHAIR OF THE BOARD
OF SUPERVISORS

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIR OF THE BOARD PER G.C. SEC. 25103, RESO 79-1535
ATTEST:

BY: _____
DARLENE J. BLOOM
Clerk of the Board of Supervisors
of Orange County, California

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

BY: Christopher J. Miller
DEPUTY

DATED: 4/14/10

If Contractor is a corporation, two (2) signatures are required: one (1) signature by the Chairman of the Board, the President or any Vice President; and one (1) signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer. If the Agreement is signed by one (1) authorized individual only, a copy of the corporate resolution or by-laws whereby the board of directors has empowered said authorized individual to act on its behalf by his or her signature alone is required