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313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.

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April 19, 2011

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#27 APRIL 19, 2011

SACHI A. HAMAI
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

AMENDMENT NO. 3 TO MEDICAL SCHOOL OPERATING AGREEMENT BETWEEN THE COUNTY OF LOS ANGELES AND THE UNIVERSITY OF SOUTHERN CALIFORNIA (1ST SUPERVISORIAL DISTRICT) (3 VOTES)

SUBJECT

Request approval of an amendment to add services, increase the maximum amount, and clarify certain language in the Medical School Operating Agreement with the University of Southern California that will result in no change to overall net County cost.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor to sign attached Amendment No. 3 to Agreement No. 75853 with the University of Southern California (USC) for the provision of physician medical education and patient care services for the LAC+USC Healthcare Network, effective May 1, 2011, to include additional purchased services for Emergency Medicine and Radiology, which will increase the annual maximum obligation from $112,158,898 to $119,925,527, and to clarify certain contract language regarding indemnification and the medical education of USC foreign scholars to match the parties' intent as described in more detail below.

2. Make a finding as required by Los Angeles County Code section 2.121.420 that continuing to contract for the provision of physician services, as described herein, can be performed more feasibly by contracting with the private sector.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS

Approval of the recommended actions will amend the current Medical School Operating Agreement (MSOA) between USC for the LAC+USC Healthcare Network to provide for additional required services as described below, and clarify certain contract language.

Radiology Services

Radiology services were previously provided under a physician services agreement with USC Care Medical Group which expired on June 30, 2010. To provide interim services from the expiration of the physician radiology services agreement to the effective date of this amendment, Department of Health Services (DHS) has purchased additional radiology services through the MSOA. However, that additional cost was not anticipated to be included in the MSOA and may result in exceeding the previously approved total contract maximum. Therefore, the Department is requesting to include 5.25 Radiology FTEs in the MSOA at an annualized cost of $2,151,765. It is anticipated that these services will commence on May 1, 2011.

Emergency Medicine Services

The demand for emergency room services has increased significantly in recent years due to delays in the economic recovery and severe employment loss. As a result, there have been frequently overcrowded conditions in the Emergency Room (ER) at LAC+USC Medical Center (LAC+USC MC) and the Urgent Care Center (UCC) at H. Claude Hudson Comprehensive Health Center (Hudson CHC). The overcrowded conditions resulted in recent Emergency Medical Treatment and Active Labor Act citations issued to LAC+USC MC for the failure to provide timely medical screening evaluations and other emergency room care.

To alleviate these conditions, DHS is requesting 8.0 Physician FTEs for the LAC+USC MC and 2.4 FTEs for Hudson CHC, at an annualized cost of $2,710,864 and a total of 10.4 FTEs. This proposed action will address the overcrowding and service delays by improving physician staffing at LAC+USC MC ER and by stabilizing staffing at Hudson CHC. The Hudson CHC UCC is a critical component of the emergency care system of the County. Improved staffing of the UCC acts to decompress the overcrowding at LAC+USC MC by reducing the need to refer urgent care patients to the LAC+USC MC ER due to insufficient capacity. It is anticipated that these services will commence on May 1, 2011.

In addition, LAC+USC MC's Department of Emergency Medicine has experienced unstable staffing patterns in its Psychiatric ER (Psych ER) due to a heavy reliance on hourly, temporary physicians. This staffing model has adversely impacted delivery of services to the community and has resulted in non-compliance with the State-mandated

Lanterman-Petris Short Act guidelines. Also, during a recent State site survey, a staffing deficiency was noted in the Psych ER. To address these issues, the Department is requesting 11.0 FTEs for the Psych ER at an annualized total cost of $2,904,000 which will replace the use of hourly physicians and provide more stable staffing. It is anticipated that these services will also commence on May 1, 2011.

Clarifying Contract Language

While the LAC+USC Healthcare Network is a high-level tertiary care provider with a panoply of services, there are some diagnostic and therapeutic procedures for which the County does not have the proper equipment or technology and must be obtained at another facility (e.g., gamma knife procedures). In those cases where USC provides these services at USC's health care facilities, the current terms of the MSOA require the County to provide USC with professional liability indemnification.

This Amendment specifies that such indemnification will only apply in limited circumstances, such as only for those therapies and procedures which are approved in advance by the County and those therapies or procedures must be performed by a USC physician who meets the quality standards of the County, as demonstrated by holding current clinical privileges at the LAC+USC MC.

USC's existing medical education program at the LAC+USC Healthcare Network includes the presence of medical students. In addition, USC's education program enrollment includes foreign students who are physicians already licensed to practice medicine in another country. These foreign students are involved for the observational experience at the LAC+USC Healthcare Network and provide no direct patient care. This Amendment confirms their status and limited activities, ensures that the County recoups any attendant costs, and provides for expanded authority to the County to limit or control the content and student size of such educational programs so as not to adversely affect patient care or the resident training program.

Implementation of Strategic Plan Goals

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This amendment to the MSOA will result in no change to overall net County cost. The additional radiology service cost of $2,151,765 will be funded by existing Services & Supplies appropriation previously used to fund the now-expired contract with USC Care Medical Group. The additional emergency medical services, at a combined annual cost of $5,614,864, will be offset by a combination of existing vacant, budgeted positions and

contract funding. Funding is included in the DHS Fiscal Year 2011-12 Recommended Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The first medical school operating agreement with USC dates back to 1987 for the provision of patient care and physician medical education services. DHS entered into a revised agreement with USC in October 2000 to address the manner in which the provision of patient care and medical education has changed since the first agreement. The initial term of the revised agreement ended June 20, 2005, with provisions for one-year automatic extensions at the end of each contract year.

DHS subsequently replaced the Agreement with the current USC MSOA to incorporate practical measures of performance and accountability. The term of the current Agreement is for a rolling five-year term, effective August 1, 2006, unless either party serves notice of non-renewal to the other party, in which case the agreement would expire in four years.

In 2008, DHS processed Amendment No. 1 to the MSOA to increase the volume of physician services to accommodate the Replacement Facility for the LAC+USC MC and to provide additional compensation to retain current physician staffing.

Subsequently, in November 2008, DHS processed an administrative Amendment No. 2 to the agreement to memorialize LAC+USC Healthcare Network and the University's responsibilities relative to undergraduate and medical school education for the University's accrediting agency.

County Counsel has advised the portion of the Agreement related to academic services is not subject to the provisions of County Code Chapter 2.121, Contracting with Private Business (Proposition A). However, it has been determined that the provision of the patient care services under the Agreement, including those physician services to be purchased under this Amendment, is subject to Proposition A guidelines which include the Living Wage Program (LWP) set forth in County Code Chapter 2.201. USC continues to be exempt for the LWP due to their non-profit status, although their employees are paid under the Agreement at no less than the minimum wages set forth in the County Code. The Department has determined that the physician services under this Amendment can be performed more feasibly by contracting with USC.

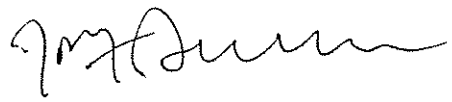
CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this Amendment will help to ensure the continued provision of vital patient care services to the patients of the LAC+USC Healthcare Network.

Respectfully submitted,



Mitchell H. Katz, M.D.
Director

MHK:mw

Enclosure

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

Contract No. 75853

AFFILIATION AGREEMENT

Amendment No. 3

THIS AMENDMENT is made and entered into this 19th day of April, 2011,

by and between COUNTY OF LOS ANGELES (hereafter "County")

and THE UNIVERSITY OF SOUTHERN CALIFORNIA (hereafter "University").

75853 Supplement No. 2

WHEREAS, reference is made to that certain document entitled "AFFILIATION AGREEMENT", dated August 29, 2006, as amended by Amendment to the Affiliation Agreement dated November 14, 2008, Amendment No. 1 dated November 25, 2008, and Amendment to Affiliation Agreement dated November 14, 2008, and further identified as County Agreement No. 75853 (collectively, hereafter "Agreement");

WHEREAS, it is the desire of the parties hereto to amend the Agreement and Addendum A-1 as described hereafter;

WHEREAS, said Agreement provides that changes may be made in the form of a written amendment, which is formally approved and executed by both parties; and

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective May 1, 2011.

2. The term Health Sciences Student as set forth in section 1.24 of Section 1 of the Agreement shall be deleted in its entirety and replaced with the following:

"**1.24.** **Health Sciences Student.** An undergraduate or post undergraduate student enrolled in a school of medicine or other health sciences student, who is not licensed in the United States to practice such health science. Foreign students enrolled in a University medical school program shall be considered a Health Sciences Student upon execution of a Memorandum of Understanding (MOU) between the Parties. This MOU shall include the following terms: (1) a fee to be charged by the County to the University to account for costs, including, without limitation, the cost for such foreign students' health examinations, background checks and supervision, (2) prior submission for County approval of the curriculum, (3) prior submission of the list of such foreign students', to be updated as needed, and (4) the ability of the Medical Director to reduce eliminate participation of such students if the County Training Programs or patient care are adversely affected. The Parties acknowledge and agree that the University shall maintain insurance coverage for such foreign students, as with other Health Sciences Students, and that the County shall have no responsibility therefor."

3. Paragraph 8.1, **Term**, shall be deleted in its entirety and replaced with the following:

"8.1 **Term.** The effective date of this Agreement shall be August 1, 2006. This agreement will remain in full force and effect for the remainder of the initial Contract Year and for a term of five (5) full Contract Years unless

otherwise terminated as provided below. Thereafter, the term shall be automatically renewed for successive one (1) year (Contract Year) periods unless terminated as provided below. This agreement may be terminated by either Party upon service of notice at least ninety (90) days prior to the end of a current Contract Year. Upon such notice, the Agreement shall expire four (4) Contract Years from the end of the current Contract Year."

4. Paragraph 11.1, **Professional Liability Indemnification**, shall be deleted in its entirety and replaced with the following:

"**11.1** **Professional Liability Indemnification.** County shall indemnify, defend and hold harmless University and its officers, employees, agents, students, fellows, volunteers and Faculty from and against any and all losses, claims, damages, liabilities and expenses, of every conceivable kind, character, and nature arising out of or connected with, either directly or indirectly, any act or omission or alleged act or omission in the rendering of, or failure to render, health care services or treatment by University and its officers, employees, agents, students, fellows, volunteers and Faculty, at a Primary County Facility or University Hospital in the performance of Purchased Services under this Agreement.

The parties understand and agree that the County shall not indemnify, defend or hold harmless the University Parties for the rendering of, or failure to render health care services or treatment by the University at

University Hospital unless all of the following conditions are met: (1) the rendering of health care services or treatment by the University and payment by the County was not made under a procurement, contract or arrangement separate from this Agreement (2) the physician provider has concurrent clinical privileges at University Hospital and a Primary County Facility, (3) the health care services or treatment sought at University Hospital were approved by the County, as set forth in one or more lists of allowable off-site procedures and treatments approved, and updated from time to time as needed, by the Medical Director or his or her designee(s), or as approved in advance in writing on a case by case basis by the Medical Director or his or her designee(s), and (4) the rendered health care services are linked to ongoing care and treatment being provided at a Primary County Facility, or are based on a referral for care from a Primary County Facility to University Hospital. For purposes of this section 11.1, University Hospital means USC University Hospital, USC Norris Comprehensive Cancer Center, USC Norris Cancer Hospital, and those other health care facilities owned, controlled or operated by University, or any physician group organized by the University.

University shall give prompt notice to County of any action or claim to which this indemnification applies and University and its officers, employees, agents, students, fellows, volunteers and Faculty receiving

such indemnification from County shall fully cooperate with County in any defense, settlement or other disposition of such claim or action. County shall retain full authority to settle such claims for such amounts and in such circumstances as County determines to be in the best interests of County."

5. Addendum A-2 shall be added to the Agreement, attached hereto and incorporated by reference.

6. Except for the changes set forth here, the remaining terms and conditions of the Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Chair and seal of said Board to be hereto affixed, and attested by the Executive Officer thereof, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month and year first above written.

COUNTY OF LOS ANGELES

By Mike Antonovich
Mayor, Board of Supervisors

SACHI A. HAMAI,
Executive Officer Board
of Supervisors of the
County of Los Angeles

By Benjamin Javala
Deputy

UNIVERSITY OF SOUTHERN CALIFORNIA
Contractor

By Robert Abeles
Signature

Title Senior Vice President, Finance and Chief Financial Officer

(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
Andrea Ordin
County Counsel

By
Deputy

I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By Benjamin Javala
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

27 APR 19 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

75853 Supplement No. N

USC ADDENDUM A-2
Purchased Services

Contract Years Ending June 30, 2008, 2009 and 2011

A.1 **General.** Payment for Purchased Services will be made by County to University in the amounts set forth in Section A.3 below. Payment for Purchased Services shall be made in quarterly installments, each payable on the first business day of each Contract Year quarter. In addition, if County requests increases in the volume of any Purchased Services identified in this Addendum A, County will pay for such services in advance on a quarterly basis. University is not obligated to provide such supplemental services until University receives payment from County for those services. Except with regard to additional Purchased Services provided by University pursuant to Section A.2.4.3 *Attrition of County-Employed Physicians*, any new services which the Parties agree to commence during the Contract Year, of a nature not set forth in this Addendum A, will be provided pursuant to an amendment or separate agreement between the Parties, subject to the approval of the Governing Board; such new services will be taken into account in revising Addendum A for the next Contract Year. Any such revisions to this Addendum A shall not take effect without a properly executed amendment.

A.2 **Purchased Services.** University shall provide the following Purchased Services during the contract years beginning July 1, 2007, ending June 30, 2009, and ending June 30, 2011 ("Contract Years 2008, 2009 and 2011"). The type and volume of Purchased Services provided during these Contract Years shall continue at the same overall level, on an annualized University Personnel FTE basis, as provided by University Personnel during the prior Contract Year, with the addition of those services itemized in §A.2.4.1, which the Parties have agreed to add.

A.2.1 Clinical Services. Except for those services which may be provided by persons other than University Personnel, University shall provide those clinical services sufficient to address the goals and responsibilities set forth in §5.4.

A.2.2 Non-Clinical Academic and Administrative Services. Except as provided by persons other than University Personnel, University shall provide academic and management services sufficient to address the goals and responsibilities set forth in §§ 5.3 and 5.5, respectively.

A.2.3 Research. The Parties understand and agree that no funds paid under this Agreement shall be used to pay for non-clinical research. If it is determined that any funds are used to pay for non-clinical research, University shall reimburse County such amount.

A.2.4 Volume of Purchased Services. Until measures are developed to more accurately define the volume of Purchased Services; the Parties agree that the volume of all services will be measured on the basis of full time equivalents (FTEs) for physicians and other University Personnel.

A.2.4.1 Periods Ending 06/30/08 & 06/30/09. University shall provide no fewer than the number of FTE's below for the Contract Periods as set forth below (prorated to date of execution of this Addendum):

FTE COUNT

	Physician and Dentist FTEs**	Non-Physician FTEs	Total FTEs
Base Contract as of Contract Year 2007	464.70	74.75	539.45
New Contract Year 2008	0.00	0.00	0.00
New Contract Year 2009	77.90	5.00	82.90
New Contract Year 2011	26.65		26.65
Total	**569.25**	**79.75**	**649.00**

** The number of FTEs includes a fraction of the effort of 73 direct County-paid physicians who receive a stipend from University (to be verified by the Hospital).

A.2.4.2 *Allocation of FTEs.* The allocation of University Personnel FTEs among Departments may be changed upon written agreement of the Chief Medical Officer, CEO and University Representative that such reallocation optimizes the use of personnel in the performance of this Agreement.

A.2.4.3 *Attrition of County-Employed Physicians.* Upon attrition of a County-employed physician in Primary County Facilities, Director may (1) hire a replacement or (2) direct University, for the remainder of the Contract Year to provide the services previously provided by such County physician through University-employed physicians, which shall constitute additional Purchased Services under this Agreement for which University shall be compensated during the Contract Year in addition to the contract maximum amount set forth in this Addendum A.

A.2.4.4 *Payment for FTEs for Unmet Needs and Additional Services.* Notwithstanding any other provision in this Agreement, payment for the Unmet Needs and Additional Services components of Purchased Services as set forth below that are dependent upon opening of the replacement facility of Hospital shall commence on a pro rata basis upon opening of the new acute care facility of Hospital and the provision of such services by the University..

A.3 Payment for Purchased Services. County shall compensate University as set forth below.

	Contract Year 2007	Contract Year 2009 (annualized)
Contract Maximum Amount (from 2007 MSOA Addendum A)	**80,243,160**	**80,751,967**

Additional Funding Needed for Current Services:

1	a. 3.0% Cost of Living Adjustment (Contract Year 2008)		2,422,559
	b. 3.0% Cost of Living Adjustment (Contract Year 2009)		2,495,236
2	a. Fringe Benefit Increase (32%-32.75%) for Addendum A (County-proposed numbers include this increase)		52,589
	b. Fringe Benefit Increase (32%-32.75%) Base Contract Amount		390,644
3	Director of Quality Management Stipend – additional supplement		60,000
4	Workload measurement, AmIOn implementation		66,375
5	a. Attrition of County Employees (Contract Year 2009) at LAC + USC Medical Center (5 FTE)		1,057,224
	b. Attrition of County Employees (Contract Year 2008) **(One time, non-recurring payment)**		436,204
Subtotal (5 FTE)		**6,980,831**	

ACGME Requirements:

6	ACGME Institutional and Common Program requirements related to Graduate Medical Education. Additional staffing needed above what is currently being allocated to the program include:	
	Designated Institutional Officer (1 FTE)	50,000
	Educational Specialist (1 FTE).	132,000
7	ACGME required Program Director: Anesthesiology MD (0.4 FTE)	96,727
8	ACGME required Obstetrics and Gynecology:	
	ACGME required 24/7 supervision of residents (2 FTE)	399,985
	ACGME required Program Director (0.5 FTE)	99,996
9	ACGME required independent Medicine/Pediatrics program. (0.5 FTE)	72,209
10	ACGME required Radiation Oncology resident supervision (0.5 FTE)	201,366
11	ACGME required supervision of interventional Radiology program (1 FTE)	284,563

12	ACGME required: Dedicated Residency Director - Neurology (0.5 FTE)		72,909
13	ACGME required Internal Medicine: Subspecialty Program Directors		
	Pulmonary/CC (0.5 FTE)		72,204
	Cardiology (0.5 FTE)		160,481
	GI/Liver (0.5 FTE)		72,209
	Renal (0.4 FTE)		62,663
	Endo (0.4 FTE)		57,767
	Heme (0.4 FTE)		73,739
	Oncology (0.4 FTE)		73,739
	ID (0.3 FTE)		57,767
	Rheumatology (0.3 FTE)		43,326
	CCEP (0.25 FTE)		41,348
	Interv Card (0.25 FTE)		54,238
	Geriatic (0.25 FTE)		36,104
14	ACGME required: Program Director support – Cardiothoracic Surgery (.25 FTE)		71,141
15	ACGME required: Support for Program Director – Surgery (0.3 FTE)		72,545
16	ACGME required: Program Director – Pediatrics (1 FTE)		140,548
17	AGCME required. Program Director – Psychiatry (Adult) (0.5 FTE)		89,711
18	ACGME required. Associate Program Director – Psychiatry (Adult) (0.5 FTE)		89,711
19	ACMGE required. Program Director – Psychiatry (Child) (.5 FTE)		89,711
20	ACGME required. Program Director – Diag Radiology (0.2 FTE)		52,645
21	ADA required. Program Director – Dentistry (0.5 FTE)		76,671
22	ADA required. Oral and Maxillofacial Surgery (1 FTE)		151,335
Subtotal (15.6 FTE, 1 Non MD FTE)		**3,049,358**	

Unmet Needs at Existing Facility:

23	Radiology: Agreed upon staffing per MSOA Evaluation (4.5 FTE) at agreed upon pre-fringe rate of $310,500		1,844,370

24	Anesthesiology: Attending physician. MD (1 FTE)		377,916
25	OR Medical Director (0.5 FTE)		146,000
26	Palliative Care (1.0 FTE)		232,312*
27	Gastroenterology Ultrasound/ERCP Specialist (0.6 FTE)		238,950*
Subtotal (7.6 FTE)		**2,839,548**	

Additional Services:

28	Anesthesiology: Services needed for interventional Facilities Facilities MD (2 FTE)	691,680*
29	Radiology: Additional staffing needed for new facility per MSOA Evaluation at agreed-upon pre-fringe rate of $310,500 (7.5FTE).	3,073,950*
30	Radiation Oncology: Additional staffing needed for new facility that will house dual high energy 3 Linear accelerators with IMRT capability, high-doses rate brachytherapy, and CT Simulator as well as other technologies.	
	PhD Physicists (2 FTE)	404,237
	Radiation Oncologist (1 FTE)	402,732*
31	Urology: Staffing required for kidney stone lithotripsy in new facility. (1 FTE)	392,568*
32	Emergency Medicine: Additional staffing needs as a result of 38 additional acute care beds within the new facility (8 FTEs)	2,069,760*
33	Surgery:	
	Acute Trauma Care coverage (1 FTE)	306,327*
	Trauma On-call coverage requirements	200,000*
	Vascular Surgery coverage at H. Claude Hudson	175,415*

* Dependent upon opening of the replacement facility of the Hospital.

	Comprehensive Health Center (0.5 FTE) Additional Institutional General Surgeon (1 FTE)	306,327*
34	Medicine: Quality/volume workload increases. Staffing includes: Cardiovascular Medicine – Cardio Catheterization (2 FTE) Cardiovascular Medicine – Echos (1 FTE)	 798,426 274,826
	Harris-Rodde Settlement needs: Rheumatology (2 FTE) Cardiology (2 FTE) Diabetes (2 FTE) Gastroenterology/Liver (2 FTE) General Medicine (5 FTE)	 365,890 592,416 365,890 549,653 914,724
35	Radiation Oncology: Radiation Therapy Dosimetrist (2 FTE)	222,615
36	Institutional ICU Medical Director (1 FTE)	311,256
37	Emergency Medicine/Pediatrics: In-house supervision for residents (4 FTE)	1,013,379*
38	CRM Medical Director (1 FTE)	199,125*
39	Psychiatry: Coverage of Hawkins Adult Units (5 FTEs)	1,320,000
40	Clinical Resource Management Disease Management Clinics: Cardiologist, CHF Disease Management (0.5 FTE) Endocrinologist, Diabetes Disease Management Clinic (0.2 FTE)	 175,956* 41,342
41	Hospitalist Program Supplement	1,267,000
42	Emergency Medicine Funding Supplement	1,730,000
43	Psychiatric Outpatient Department Coverage (Funding ceases upon execution of an agreement between DMH and University's physician group) (1.5 FTE)**	371,700
44	Psychiatric Outpatient Department Transfer to DMH (Effective upon execution of MOU between University and DMH.) (3.1 FTE)**	(409,186)

** Because FTE change is contingent upon a future occurrence, they are not currently included in the FTE count set forth in sections A.2 and A.3 and Contract Maximum Amount listed below.

45	Transfer of University Compensation for County-Employed Physicians (See section A.10)		(TBD)
46	Transfer of County Compensation for University Physicians (See section A.10)		TBD
Subtotal (49.7 FTE, 4 Non-MD FTE)		18,537,194	
Total Additional Services from Addendum A-1		31`,406,931	
	CONTRACT YEAR 2011 ADDITIONAL FTEs AND AMOUNTS (Annualized)		
47	Emergency Medicine (8 FTE effective 5/1/11)		2,069,760
48	Emergency Medicine – Hudson Urgent Care (2.4 FTE effective 5/1/11)		641,104
49	Psychiatry -Psychiatric ER (11.0 FTE effective 5/1/11)		2,904,000
49	Radiology: Replace expired USC Radiology Agreement (5.25 FTE effective 5/1/11) (5.23 FTE 7/1/10 to 3/31/11)		2,151,765
Subtotal (26.65 FTE)		7,766,629	
Total Additional Services		39,173,560	
Contract Maximum Amount			119,925,527

A.4 Volume of Purchased Services.

A.4.1. Academic Purchased Services. During the term of this Agreement, Academic Purchased Services will be performed by Faculty in accordance with the requirements of this Agreement. The parties agree during Contract Year 2009 to work together to develop a new methodology for determining payments for the provision of Academic Purchased Services under this Agreement.

A.4.2. Academic and Clinical Administrative Purchased Services. During the term of this Agreement, University shall provide Academic and Clinical Administrative Purchased Services as needed to support the Training Programs in accordance with the requirements of this Agreement. The Parties agree during Contract Year 2009 to work together to develop a new methodology for determining payments for the provision of University Academic and Clinical Administrative Purchased Services under this Agreement.

A.4.3. Mission Support. County is committed to promoting medical education in its community, as reflected through County's affiliation with University and County's participation in graduate medical education training programs accredited by the Accreditation Council for Graduate Medical Education. The Parties agree during Contract Year 2009 to work together to develop a methodology for providing mission support to University.

A.5 Community-Based Health Services Planning. University agrees to participate in the County's community based planning efforts. These planning efforts include but are not limited to: resizing the breadth and depth of primary and specialty care programs to meet local community needs, disease burden and public health initiatives; resizing the breadth and depth of tertiary and quaternary services to fit effectively within system-wide DHS clinical programs; expansion of outpatient diagnostic and therapeutic programs at Hospital and other community–based sites; sizing ACGME , ADA and other allied health programs in concert with service delivery planning; and developing, implementing and reporting evaluation metrics for the quality and efficiency of the service delivery program.

A.6 Replacement Hospital Transition Planning. County agrees to participate with the University to maximize collaborative planning for the transition to the Hospital replacement facility during the term of this Addendum. Through such planning, County agrees to provide adequate office space, on-call rooms, and other support space for University administration, clinical service, and teaching in the Hospital replacement facility.

County also agrees to make best efforts to ensure the continuing viability of University Training Programs in the Hospital replacement facility. Pursuant to section 2.6.1 of this Agreement, University will notify County of any matters within the control of County in transitioning to the Hospital replacement facility that to the University's knowledge may compromise accreditation of any University Training Program. In the event County receives such notice, County will cooperate with University to make all reasonable efforts to retain accreditation.

A.7 Faculty Teaching Incentive Fund. Facility JPO Committee will establish annual awards for excellence in teaching to be awarded to Faculty. Faculty awardees and the amount of the awards will be determined by the Facility JPO based on written criteria to be jointly developed by University and County. In developing written criteria, University and County shall include resident and medical student participation as necessary criteria. Parties agree to equally finance this Incentive Fund, with each party contributing $25,000 annually.

A. 8 Primary County Facilities. Those facilities listed in Exhibit 2 shall constitute the Primary County Facilities where Purchased Services may be performed.

A.9 Information Physician Workload and Productivity. The Parties shall work collaboratively to achieve both the clinical and operational goals as identified in the Hospital's mission and strategic plan. These include both short and long range goals, which will be refined and updated on an annual basis as part any revisions to this Addendum. To address a long range goal of improving information on attending staff workload and productivity, the parties agree to implement an initial two part solution:

A.9.1 AmIOn Physician Scheduling. The Hospital shall provide the AmIOn electronic attending staff scheduling program for use by University. Within six months of providing the University access to AmIOn, or within six months of the execution of this Addendum, whichever is later, and in accordance with a timetable established by University and accepted by County, The University shall install and operate the AmIOn electronic attending staff scheduling program in a manner that identifies physicians in all clinical departments providing Purchased Services at Hospital each day (the "Hospital Schedules"). Hospital will have online access to the Hospital Schedules through AmIOn.

A.9.1.1 The University shall be responsible for the input, security and access of all data into AmIOn. To ensure accuracy, the University shall update physician scheduling data into AmIOn on not less than a daily basis and will periodically validate Hospital Schedules.

A.9.1.2 Upon request of the County, the University shall verify the accuracy of physician schedules in AmIOn as compared to actual physicians who have worked and the amount of hours worked by such physicians. The above verification may include one, several or all departments/services in the Hospital.

A.9.2 The parties acknowledge that the Hospital and University have completed three Memoranda of Understanding to measure performance and productivity of Purchased Services for the Harris-Rodde Specialty Clinics Coverage, Echocardiography and Radiation Oncology, anticipated to be executed by the parties within one month of execution of this Addendum. Hospital and University mutually agree to work together to develop additional Memoranda to measure performance and productivity for other major clinical Purchased Services as agreed by the Parties. The Parties shall use good faith efforts to complete and execute such Memoranda within twelve months of execution of this Addendum.

The Parties shall develop a mutually agreed upon system to track compliance with the performance and productivity goals identified in each Memorandum of Understanding (the "Tracking System"). When Hospital has reasonably determined that the performance and productivity goals under one (or more) Memorandum have not been met by University based on the data from the Tracking System, the Hospital shall notify the University in writing within twenty (20) days of such determination (the "Notice"). The Notice shall be delivered to the Office of the Dean of the Keck School of Medicine, with a copy to the Office of the General Counsel. The Notice shall identify the specific performance and productivity goal by type and amount of unmet services, as compared to the performance and productivity goal(s) under the applicable Memorandum as well as Hospital's efforts to correct any Hospital issues related to the performance and productivity goal(s) at issue.

Within thirty (30) business days of receiving the Notice from the Hospital, the University shall submit a corrective action plan to the Hospital which sets forth the specific action(s) to be taken to meet the performance and productivity goal(s) and time period for completion of the corrective action plan. The Parties will work together to modify the corrective action plan to address each Party's concerns.

Disputes about each Party's compliance with the corrective action plan will be reviewed by an independent arbitrator selected by the Parties. The arbitrator's fees will be equally borne by the Parties. If the arbitrator determines that, solely due to the acts or omissions of University, University has not implemented in good faith the material elements of the corrective action plan within the time period specified in the corrective action plan agreed to by the Parties, the Hospital may deduct from payment to be made to the University the Hospital's actual and reasonable additional cost to provide the unmet services that directly result from such failure to meet the performance and productivity goals (except with respect to any goal established for new patients or new visits) through an alternative arrangement.

To the extent that the Parties desire University to provide services in excess of those established by the performance and productivity goals, they may increase those goals and provide for additional payment related to such services to University through an administrative amendment signed by both Parties, provided that such additional payment does not exceed the Contract Maximum Amount provided in Section A.3 of Addendum A. To the extent that payment for such additional services would cause total payments due under this Addendum to exceed the Contract Maximum Amount, the Parties acknowledge that compensation may only be made for such additional services after the Governing Board approves a formal amendment to this Addendum A authorizing such supplemental services.

A.9.3. Medical Record Documentation Performance Goals. The parties acknowledge the importance of accurate and timely documentation of patient medical information to facilitate patient treatment, care and services, particularly in the postgraduate physician teaching environment of the Hospital. Such proper documentation is reflected in policies and standards applicable to the University, including, without limitation, the standards set forth by the Joint Commission (formerly defined as "JCAHO"), and policies issued by the County Department of Health Services. In addition to other compliance obligations, the parties seek to emphasize compliance with the following:

A.9.3.1 *Joint Commission*. The Parties agree to work together to maintain a medical record delinquency rate at or better than the full compliance threshold set forth by Joint Commission (IM 6.10; EP 11 "The medical record delinquency rate averaged from the last four quarterly measurements is not greater than 50% of the average monthly discharge (AMD) rate and no quarterly measurement is greater than the AMD rate.") To that end, the University agrees to work with County toward compliance by ensuring that physicians meet this compliance threshold with respect to the physician components of the medical record. For purposes of this section, a delinquent medical record is defined as a medical record available to the Physician for review and is further defined by Hospital Medical Staff Rules and Regulations.

A.9.3.2 *DHS Policy*. The University agrees to work toward a 90% threshold compliance rate for the following components of DHS Policy 310.2, Supervision of Residents, or as subsequently amended by DHS, by

ensuring that physicians meet this compliance threshold regarding the physician components of the medical records and activities which are set forth below. References to the specific provision of DHS Policy 310.2 are in parentheses.

(4.1) An attending physician shall see and evaluate each patient prior to any operative procedure or delivery and shall document this evaluation in the medical record.

(4.2) An attending physician is responsible to assure the execution of an appropriate informed consent for procedures and deliveries with consent form and progress note documenting the consent discussion in the medical record.

(4.4.1) If the attending is present for the operative or invasive procedure or delivery, he/she must document in the medical record that he/she has evaluated the patient and authorizes the procedure.

(4.4.2) If the attending physician is not present for the operative or invasive procedure or delivery, the supervisory resident shall document in the medical record that he/she has discussed the case with the attending and the attending authorizes the resident to proceed.

(4.5) An attending physician must assure an operative or procedure note is written or dictated within 24 hours of the procedure and shall sign the record of operation ("green sheet") in all situations for which direct attending physician supervision is required.

(5.1) An attending physician is responsible for supervision of the resident and appropriate evaluation of the patient for each emergency department visit.

(5.2) An attending physician or supervisory resident shall review and sign the patient's record prior to disposition.

(7.1) An attending physician shall see and evaluate each inpatient within 24 hours of admission and shall co-sign the resident's admission note or record his/her own admission note within 24 hours.

(7.2) An attending physician shall see and evaluate the patient at least every 48 hours and shall ensure that the resident includes in the progress note that he/she has discussed the case with the attending or the attending physician shall record his/her own note at least every 48 hours.

(7.3) An attending physician shall discuss the discharge planning with the resident. The resident shall document in the medical record the discussion of the discharge plan and the attending physician concurrence with the discharge plan prior to the patient's discharge, or the attending shall record his/her own note.

(8.1) An attending physician or supervisory resident shall discuss every new patient with the resident physician within 4 hours of admission of each such patient to the Intensive Care Unit. The resident shall document this discussion with the attending physician.

(8.2) An attending physician shall see and evaluate the patient within 24 hours after admission to the Intensive Care Unit, discuss this evaluation with the resident and document this evaluation and

discussion in the medical record.

(8.3) An attending physician shall see and evaluate all admitted patients at least daily following admission and discuss this evaluation with the resident. The attending physician shall ensure that the resident includes in the progress note that he/she has discussed the case with the attending, or the attending physician shall record his/her own note to that effect.

The parties acknowledge that resident compliance of DHS policy requires that each party satisfy their respective obligations, with the Hospital employing residents, and the University employing the Faculty responsible for the oversight/teaching of residents. To that end, the responsibilities of the University under this Agreement shall include proper teaching/instruction of the requirements of DHS policy as set forth in this section and appropriate incorporation of the requirements of this section with resident competency evaluation.

A.9.3.3 *Monitoring and Corrective Action Regarding Compliance with DHS Policy*. Monitoring and corrective action to determine and maintain compliance with Performance Goals set forth above shall be performed through the Hospital's existing quality assurance/quality improvement structure and committees, or as modified in accordance with Hospital bylaws, and rules and regulations.

In addition, within six months of the execution of this Addendum, the Hospital shall work with the University to establish a process for the University to monitor compliance with the Performance Goals set forth above.

A.9.4 Operative Procedures for Residents. The University shall ensure that each department develops within 60 days of execution of this Addendum, and updates as needed to reflect any changes, or on an annual basis, whichever is more, the following:

1. a list of residents designated as supervisory residents.
2. a list of operative procedures that may be conducted by a supervisory resident to be approved by the Medical Executive Committee and Network Executive Committee.

A.9.4.1 *Clinical Core Measures*. The Parties agree that quality patient care is critical to the missions of the University and the County. To that end, the University shall use best efforts to achieve 90% compliance with the following clinical core measures:

1. Heart Failure-3:ACEI or ARB for LVSD
2. Heart Failure-2: Evaluation of LVS function
3. Pneumonia 3b: Blood cultures performed in the Emergency Department prior to initial antibiotic received in the Hospital.
4. Pneumonia 6b: Initial antibiotic selection for community acquired pneumonia in immunocompetent patients – non ICU patients.
5. Pneumonia 6a: Initial antibiotic selection for community acquired pneumonia in immunocompentent patients – ICU patients

6. Acute MI - 1: Aspirin on arrival.
7. Acute MI. - 2: Aspirin prescribed at discharge.
8. Acute MI - 3: ACEI or ARB for LVSD.
9. Acute MI – 5: Beta blocker prescribed at discharge.
10. Acute MI – 6: Beta blocker on arrival.
11. Acute MI - 8a: Median time to primary PCI received within 90 minutes of hospital arrival.
12. SCIP 1a: Prophylactic antibiotic received within one hour prior to surgical incision, overall rate.
13. SCIP 2a: Prophylactic antibiotic selection for surgical patients, overall rate.
14. SCIP 3a: Prophylactic antibiotics discontinued within 48 hours after surgery end time, overall rate.

A.9.4.2 *Monitoring and Corrective Action Regarding Compliance with Clinical Core Measures.* Monitoring and corrective action to determine and maintain compliance with Performance Goals set forth in Paragraph A.9.4.1 above shall be performed through the Hospital's existing quality assurance/quality improvement structure and committees, or as modified in accordance with Hospital bylaws, and rules and regulations.

A.10 COUNTY'S PHYSICIAN PAY PLAN. The parties acknowledge that the County has recently approved a new physician pay plan, and will be approving a new rate structure for physician employees represented by a collective bargaining group, for reimbursement of County-employed physicians and dentists. In order to implement the foregoing, the parties agree to the following terms subject to the approval by the County physicians' collective bargaining group.

1. Faculty who are County employees, who receive funds derived from this Agreement and who are tenured Faculty as of the date of execution of this Addendum shall maintain their dual employment status at the County and the University.

2. All other Faculty who are County employees and who receive funds derived from this Agreement shall have the following options:

    a. Resign from County employment and receive all compensation from the University for all services to be provided at Primary County Facilities, The County shall pay to the University the annual base salary paid to the physician by County at the time such option is selected. University agrees to accept such employee and pay to him or her the base salary amount provided by the County. Nothing in this Agreement shall be construed to restrict any County employee from resigning from County service at any time upon his or her determination.

    b. Cease receiving any compensation by the University of funds derived

from this Agreement for all services to be provided at Primary County Facilities and receive compensation from the County under the County's new pay plan, except as set forth below. The University agrees to provide to County the total of compensation of funds derived from this Agreement and paid by University to such Faculty for the most recent Contract Year. Further, the County shall reduce this compensation amount on a pro rata basis from the payments made by the County to the University under this Agreement. The University acknowledges that County employees are prohibited under County policy from working for more than 24 hours per week outside of County employment.

Notwithstanding the foregoing, to the extent permitted by County outside employment, and other applicable, rules and policies, a County physician may provide services to the County through the University. In addition, a County physician may be eligible to receive funds distributed from the Management Performance Plan.

Replacement (due to attrition) of physicians who choose option b shall be in accordance with section A.2.4.3 above.

c. If the physician does not choose option a or b, the physician shall continue to receive compensation from the County, under the old pay plan, and compensation from the University.

The parties agree to work collaboratively to implement these provisions within a time frame agreed to by the Parties. The parties contemplate holding a joint meeting with each Faculty who is eligible to select between option a or b above to discuss the pay plan and other related matters such as reimbursement and benefits provided by the County and the University.

Nothing in this Agreement shall be construed to restrict the existing right of a County employee to resign from County employment at any time at his or her discretion.

Subject to section 2.1.2.2, the University is solely responsible for setting the compensation paid by the University to County employees in connection with services performed under this Agreement.