DOCTORS
MEDICAL CENTER

West Contra Costa Healthcare District
Doctors Medical Center
Governing Body
Board of Directors Meeting

Wednesday, February 27, 2013

5:00 PM

Doctors Medical Center
Auditorium

2000 Vale Road

San Pablo, CA 94806

DOCTORS
MEDICAL CENTER

WEST CONTRA COSTA HEALTHCARE DISTRICT
DOCTORS MEDICAL CENTER

GOVERNING BODY
BOARD OF DIRECTORS

WCCHD DOCTORS MEDICAL CENTER
GOVERNING BODY BOARD OF DIRECTORS
FEBRUARY 27, 2013 – 5:00 P.M.
Doctors Medical Center - Auditorium
2000 Vale Road
San Pablo, CA 94806

AGENDA

1. **CALL TO ORDER** — E. Zell

2. **ROLL CALL**

3. **APPROVAL OF MINUTES OF JANUARY 23, 2013** — E. Zell

4. **PUBLIC COMMENTS** — E. Zell
   [At this time persons in the audience may speak on any items not on the agenda and any other matter within the jurisdiction of the of the Governing Body]

5. **FINANCIALS – JANUARY 2013** — J. Boatman
   a. Presentation
   b. Discussion
   c. Public Comment
   d. *ACTION: Acceptance of the January 2013 Financials*

6. **APPROVAL OF CEP CONTRACT AMENDMENT** — D. Gideon
   a. Presentation

b. Discussion
c. Public Comment
d. *ACTION: Approval of CEP America Contract Amendment*

7. **APPROVAL OF HURON CONTRACT** C. Coffey
   a. Presentation
   b. Discussion
   c. Public Comment
   d. *ACTION: Approval of new Huron contract and recommend ratification to the Board of Directors*

8. **CEO REPORT** D. Gideon
   a. Presentation
   b. Discussion
   c. Public Comment
   d. *ACTION: For Information Only*

9. **MEDICAL EXECUTIVE REPORT** L. Hodgson, M.D.
   a. Presentation
   b. Discussion
   c. Public Comment
   d. *ACTION: For Information Only*

ADJOURN TO CLOSED SESSION

A. Reports of Medical Staff Audit and Quality Assurance Matters Pursuant to Health and Safety Code Section 32155.

B. Conference with Labor Negotiators (pursuant to Government Code Section 554957.6) Agency negotiators: Bob Redlo, VP of Patient Relations, Labor Relations & Workforce Development, John Hardy, Vice President of Human Resources: California Nurses Association, NUHW, PEU Local One and Local 39.

C. Discussion involving Trade Secrets Pursuant to Health and Safety Code Section 32106. Discussion will concern new programs, services, facilities.

ANNOUNCEMENT OF REPORTABLE ACTION(S) TAKEN IN CLOSED SESSION, IF ANY.

DOCTORS
MEDICAL CENTER

MINUTES
January 23, 2013

TAB 3

DOCTORS
MEDICAL CENTER

WCCHD DOCTORS MEDICAL CENTER
GOVERNING BODY BOARD OF DIRECTORS

January 23, 2013, 4:30 P.M.
Doctors Medical Center - Auditorium
2000 Vale Road
San Pablo, CA 94806

MINUTES

1. CALL TO ORDER

The meeting was called to order at 4:40 P.M.

2. ROLL CALL

Quorum was established and roll was called:

Present:
Eric Zell, Chair
Supervisor John Gioia, Vice Chair
Irma Anderson
Wendel Brunner, M.D.
Deborah Campbell
Nancy Casazza
Sharon Drager, M.D.
Richard Stern, M.D.
William Walker, M.D.
Beverly Wallace

Excused: *Patrick Godley*

3. APPROVAL OF DECEMBER 19, 2012 MINUTES

The motion made by William Walker, MD and seconded by Director Anderson to approve the December 19, 2012 minutes passed unanimously.

4. PUBLIC COMMENTS

Robert McCauly on behalf of NUHW representing service and tech employees at DMC spoke regarding his members understanding of the financial difficulties, and extensive discussions for reformulating the budget. He expressed concern, however, that changes are being made at the hospital without conversations with NUHW representatives and leadership, and several of those changes impact their employees directly. He asked that management and the Governing Body involve NUHW in planning, and for both to and disclose the future plans of the hospital in a more timely fashion, including with respect to discussions with Avanti.

5. MEDICAL EXECUTIVE REPORT

Dr. Laurel Hodgson asked to have the medical executive report moved ahead of the quality report for this meeting. All Governing Board members approved the request.

Dr. Laurel Hodgson went on to highlight a few topics from the Medical Executive Committee report, none of which required Governing Body approval:

- Member-At-Large Vacancy- Dr. Park has requested that she be replaced due to extended leave this year. Dr.Madhu Shetti was approved to replace Dr. Park as "Member at Large".
- Radiation Safety Committee reported: no issues identified during their recent ALARA Inspection and Mammography repeat rates are below 2%
- Anesthesia Department-Pre/Post Op Assessment Form-Revised as part of the TJC Action Plan
- Committee Report: Addition to Formulary: Carfilzomib (KYPROLIS)

She also wanted to address the concern of the medical staff over the lack of cooperation and collaboration with the County. She highlighted one example of a patient that was sent back and forth between the West County Clinic and DMC's emergency department as an example of how patients are being caught in the middle when communication is lacking. Dr. Laurel Hodgson stated that this is a waste of money, resources and time, that this hospital can't afford. She urged all members of the Governing Body to work to fix the problem.

Following considerable discussion, Director Anderson asked that Dr. Laurel Hodgson and Dr. William Walker get together to discuss this communication issue. Both agreed to do so and report back to the Governing Body in the near future.

6. QUALITY AND PATIENT SAFETY REPORT

Ms. Bobbie Ellerston, Vice President of Patient Care presented and sought acceptance of the Quality and Patient Safety Report.

Ms. Ellerston highlighted the 3rd quarter & October – November 2012 Core Measures and Organ Procurement Program. The AMI & Pneumonia measures were at 100% in November. SCIP Measures have dipped slightly, with Antibiotic Selection at 83% compliance and VTE Prophylaxis at 85% compliance. The CHF measures have shown improvement from the 3rd quarter and the team continues to work on improving the overall scores. The Organ Procurement program for the 3rd quarter reported no issues and all deaths were referred to CDTN as required with only three appropriate tissue donors.

Ms. Ellerston reported on Patient Falls and Hospital Acquired Pressure Ulcers (HAPU). For the 3rd and 4th quarter 2012, there were no falls with injury. There were three reportable HAPUs. This is an increase from prior quarters where no HAPUs were reported. Teams have been formed to reduce the number and severity with focus on the MICU.

Lastly, Ms. Ellerston presented the updates for 2012 3rd quarter STEMI and 4th quarter Laboratory update. There were no STEMI related mortality in the 3rd quarter and six patients arrived by EMS with mean time 63.5 minutes, our goal is less than ninety minutes. Part of Laboratory improvements targets the reduction of "False Positive Blood Cultures" drawn by RN's and that program is in process. The turnaround lab times for Stroke patient will be monitored in 2013 to prepare for Stroke Survey in September.

Director Nancy Casazza asked if the 90 min was a national standard time for EMS arrival. Ms. Ellerston answered yes.

The motion made by Doctor Wallace and seconded by Director Campbell to accept the Quality and Patient Safety report passed unanimously.

7. **FINANCIALS –DECEMBER 2012.**

Mr. James Boatman, CFO, presented and sought acceptance of the December 2012 Financials. He reported net profit for the month was $247,000, with operating revenue $216,000 over budget and expenses $855,000 over budget.

Mr. Boatman reported that net patient revenue was over budget by $444,000. Inpatient gross charges were over budget by 3.1%. Patient days were 10.1% over budget with discharges at 3.8% over budget. Outpatient gross charges were under budget in December by 10.5%. Ancillary outpatient visits were 20.8% under budget and outpatient surgeries were 26.9% under budget, while emergency department visits were 13.4% over budget.

Revenue is over budget due to reaching a settlement agreement with Chevron resulting in an increase to revenue of $2.3million which is offset by a delay in the receipt of the AB915 funds of $1million.

The salaries and benefits combined were over budget by $544,000 in December. Worked FTE's per adjusted average daily census was favorable to budget by 2.2% with salaries and wages at 1.6% over budget. Patient days were 10.1% over budget and outpatient visits were 5.5% under budget. Salaries for December were over budget due to severance pay. Benefit costs were over budget in December by $457,000 due to worker's compensation and health insurance. Year to date salaries and benefits combined are $1,435,000 over budget.

Professional Fees were over budget in December by $214,000 due to a new contract with Serramonte Pulmonary and unbudgeted consultants. The costs for four of these consultants (approximately $40,000) are budgeted in salaries and wages.

Mr. Boatman updated everyone that the Cash Position was 16.6M because the money for Chevron didn't come in till January. There were a total of 11 days of unrestricted cash and 27 days of restricted cash totaling 39 days of cash for the month of December. The accounts receivable had $31 million in net patient but we have to subtract the amounts that we got from Chevron in order to get the true NAR for the month of December. Budgeted collaboration revenue and expense reductions have not been achieved resulting in a $446,000 negative effect in December and a year to date negative effect of $4,000,000.

A motion was made by Supervisor John Gioia and seconded by Director Campbell to accept the December 2012 Financial report passed unanimously.

8. FISCAL YEAR 2013 AMENDED BUDGET

Ms. Dawn Gideon, Interim president and Chief Executive Officer and Jim Boatman presented the fiscal year 2013 amended budget. Ms. Gideon reminded the Governing Body that in November administration presented a budget that reflected a nearly $16 million loss. Since that time management throughout the hospital has been working to produce a revised budget with significant expense reduction. She further reported that this budget was still not complete, and that she and Mr. Boatman would be asking for temporary approval of this budget as was done in November.

Mr. Boatman reported that net patient service revenue was improved by $2.8 million because of two components; the accounts receivable program is projected to result in greater revenue, and the physician documentation efforts will improve coding, and therefore revenue.

Ms. Gideon reported that operating expenses had major changes in salaries and wages, due to approximately 22 people being laid off from various departments, approximately 7 or 8 of which have already been released from the organization. This is in order to flatten the organization and there will also be further program changes and reductions. The professional fees were also addressed by reductions in physician contracts. Purchased services expense reduction includes a continued reduction in legal fees in human resources as we have insourced union contract negotiations with the recruitment of Bob Redlo.

Mr. Boatman reported that the "Interest Expense" is the last major expense change that will come from our bonds. The refinancing of the 2004 Bonds should save us interest and that will come to the Board for approval at a future meetings.

Director Zell asked Ms. Gideon when she expects to bring the next version of the budget to the Governing Body. She responded that she will want this to come back in 60 days.

A motion was made by Director Wallace and seconded by Supervisor Gioia to temporary approve the 2013 Budget passed unanimously.

9. CHANGES TO MEDI-CAL PAYMENT METHODOLOGY

Mr. James Boatman, CFO, presented the changes to "MEDI-CAL" payment methodology. First he wanted to point out before the presentation that this is an ongoing process and has not been finalized by the state and federal agency. The Delivery System Reform Incentive Payment (DSRIP) is something that the district hospitals are pursuing to allow them to participate in the same program as the County hospitals throughout the state. The incentive program in year one has $40 million available to district hospitals, than $62.5 million available in year two and three. The four areas for funding available include; infrastructure, innovation and redesign, population-focused improvements and patient safety, but all must be approved by the CMS first. Some of the other funds that will be available include uncompensated care, hospital provider fee (which is good through December 31, 2013 program) and potential Medi-Cal managed care intergovernmental transfer.

Mr. Boatman reported that the State changed the Medi-Cal budgeting for the year 2013. They cut 10% from rates paid, moved non-government hospitals to a payment per discharge, and had County hospitals stay on the old program. The District Hospitals petitioned to be treated like County hospital and are looking at being a part of the county Hospitals funding. Some of the other plans included adding program funding and sharing in the federal funding sources.

Mr. Boatman expanded on the changes of Medi-Cal program funding in 2013. In 2012 we were paid on a per day basis and reimbursed every week. With the changes as of January 2013, it is half of the reimbursement upfront based and $17,000 every week and a total of $900,000 cash received on a week to week basis. The second part of the program is paid on a monthly basis, where we will receive the other half of the money as part of category 1 and 2 quality incentives. In future years we will be eligible to receive funds for categories 1 through 4.

10. EQUIPMENT REQUEST

Mr. James Boatman, CFO, sought approval of a capital item based upon the quote provided for the migration of our existing server farm to virtual servers. This request is based on the reality that 30+ servers are at the end of service life and are not cost-effective to maintain due to increasing hardware requirements. The cost of the project is $358, 078 and for required upgrades for 2013 which consists of HPF (Patient Medical Record EMR), HPM (Budget/ Performance Application), PMOD (Contract Application), and EC2000 (Claims/ Billing Application)

Mr. Boatman reported that the current HPF software is consistently incurring downtime due to increased hardware and integration resource requirements that are not available on the existing platform. Current downtime is most felt in the processing of documents received from our HIS (Paragon). Downtime occurs due to server resources running at 100% capacity for extended periods causing delays in coding and billing as much as 3 days. We are scheduled to upgrade the HPF software and the equipment in this proposal will be required by McKesson. If the equipment order is delayed we will lose our date for the upgrade at McKesson which could delay the upgrade until the fall.

Mr. Prieto Glen, Technical Server Manager, explained the "disaster recovery" process in some detail and outlined the implications of not moving forward with this project. He reported that 39 of our current servers are no longer under warranty and are incurring maintenance costs of approximately $20,000/year. In August 2012 DMC underwent a Security Risk Audit which identified key deficiencies in our system including not having performed a disaster recover test within the last two years on any of our systems. This was identified as a critical risk and McKesson solution (remote hosting) is not financially feasible at this time.

A true disaster recovery model does incorporate remote hosting or co-location. High availability of applications requires the applications to reside locally as well as remotely, one as a primary site, the other – secondary. It also requires full virtualization or a hybrid of virtualized servers and clustered servers for databases that cannot be virtualized. Therefore, in order for us to move forward towards a true disaster recovery model, the core in-house infrastructure must be addressed first by virtualizing our current systems. In the event that we are financially capable of entertaining remote hosting the virtualized applications can be copied to the remote site.

One particular application, Horizon Patient Folder, needs to be upgraded. Current timelines require HPF to be upgraded by May 2013 to version 15 in order for DMC to continue to handle the increase volume of electronic documents going directly to EMR. The upgrade from Paragon version 11.1 to version 12 will be required for attestation for Stage II Meaningful Use Stage II and will have to be in this new environment.

Significant discussion ensured. Director Campbell asked how much has already been spent on Paragon/McKesson. Mr. Boatman responded- $5 million. Director Zell asked how long before the current equipment is completely unusable. Mr. Boatman reported that every day we are adding data so it's getting to be a bigger issue to handle this process.

Supervisor Gioia inquired as to the consequence if we don't approve this capital expenditure. He reminded the group that DMC is in significant financial distress and spending capital on information systems is a further burden on liquidity. Mr. Prieto responded that the system has gone down several times, and can crash at any time in the future, impacting access to patient care and billing data.

Ms. Gideon stated the calculated risk is that if the system goes down than physicians can't treat patients. She understands that the hospital cannot afford this capital request, but the Governing Body needs to understand the implications of not making this investment, and provide direction accordingly.

Director Zell asked if there is any way to extend the life of the current system. Mr.Prieto reported that there is not because we have already done all that we can, including electronic paper work.

Director Anderson thanked Mr. Boatman and Ms. Gideon for bringing this issue to the Governing Body for a decision, and for sharing the details of the risk. She and Director Campbell agreed that if this affects patient care than this is a serious enough issue to require attention.

Dr. Drager stated we are now using HPF, there are no more paper records and everything is electronic so there are no options.

Mr. Boatman wanted to point out that, he understands that this is financially an expensive process but he strongly agrees that in order for the hospital to have no risk of crashing this needs to happen.

Director Zell- wanted to point out that this decision was based on relative risk to patient care.

A motion was made by Director Wallace and seconded by Director Campbell to approve the required upgrades/server farm virtualization passed unanimously.

11. CEO REPORT

Ms. Dawn Gideon, CEO, had no other current updates except to what she has said throughout the meeting.

THE MEETING ADJOURNED TO CLOSED SESSION AT 6:00 PM

DOCTORS
MEDICAL CENTER

FINANCIALS
January 2013

TAB 5

DOCTORS
MEDICAL CENTER

Board Presentation

January 2013

Financial Report

Financial Report Key Points

- Net loss was $1.2M in January.
- Operating revenue was over budget by $809K.
- Net patient revenue was $836K over budget.
- Operating expenses were $79K over budget.

Statement of Activity – Summary

For the Period Ending

January 31, 2013

(Thousands)

Month to Date				Year to Date		
Actual	Budget	Var		Actual	Budget	Var
11,019	10,210	809	**Net Operating Revenues $**	11,019	10,210	809
12,956	12,877	(79)	**Total Operating Expenses $**	12,956	12,877	(79)
(1,937)	(2,667)	730	**Income/(Loss) from Operations $**	(1,937)	(2,667)	730
766	742	24	**Income from Other Sources $**	766	742	24
(1,171)	(1,925)	754	**Net Income / (Loss) $**	(1,171)	(1,925)	754

2,472	2,376	96	**Patient Days**	2,472	2,376	96
571	493	78	**Discharges**	571	493	78
6,665	6,713	(48)	**Outpatient Visits**	6,665	6,713	(48)
592	602	9	**Worked FTE's**	592	602	9
1.60	1.55	0.05	**Medicare CMI**	1.60	1.55	0.05

Budget Variances – **Net Revenue**

- Medicare / Medicare HMO – $1,408M.
- Medi-Cal / Medi-Cal HMO – $310K.
- Government / Workers Comp – ($192K).
- Commercial / PPO /HMO – ($674K).

Budget Variances – Expenses

- Salaries & Benefits ($5K) – In line with budget in January.
- Purchased Services ($36K) – Higher renal dialysis costs.
- Other Operating Expenses $38K – Lower recruitment costs.
- Professional Fees ($90K) – Unbudgeted consultant and volume related physician fees.

Cash Position
January 31, 2013

(Thousands)

	January 31, 2013	December 31, 2012
Unrestricted Cash	$6,498	$5,059
Restricted Cash	$9,940	$11,612
Total Cash	$16,438	$16,671
Days Unrestricted Cash	16	11
Days Restricted	25	27
Total Days of Cash	41	39

California Benchmark Average	34
Top 25%	82
Top 10%	183

Accounts Receivable

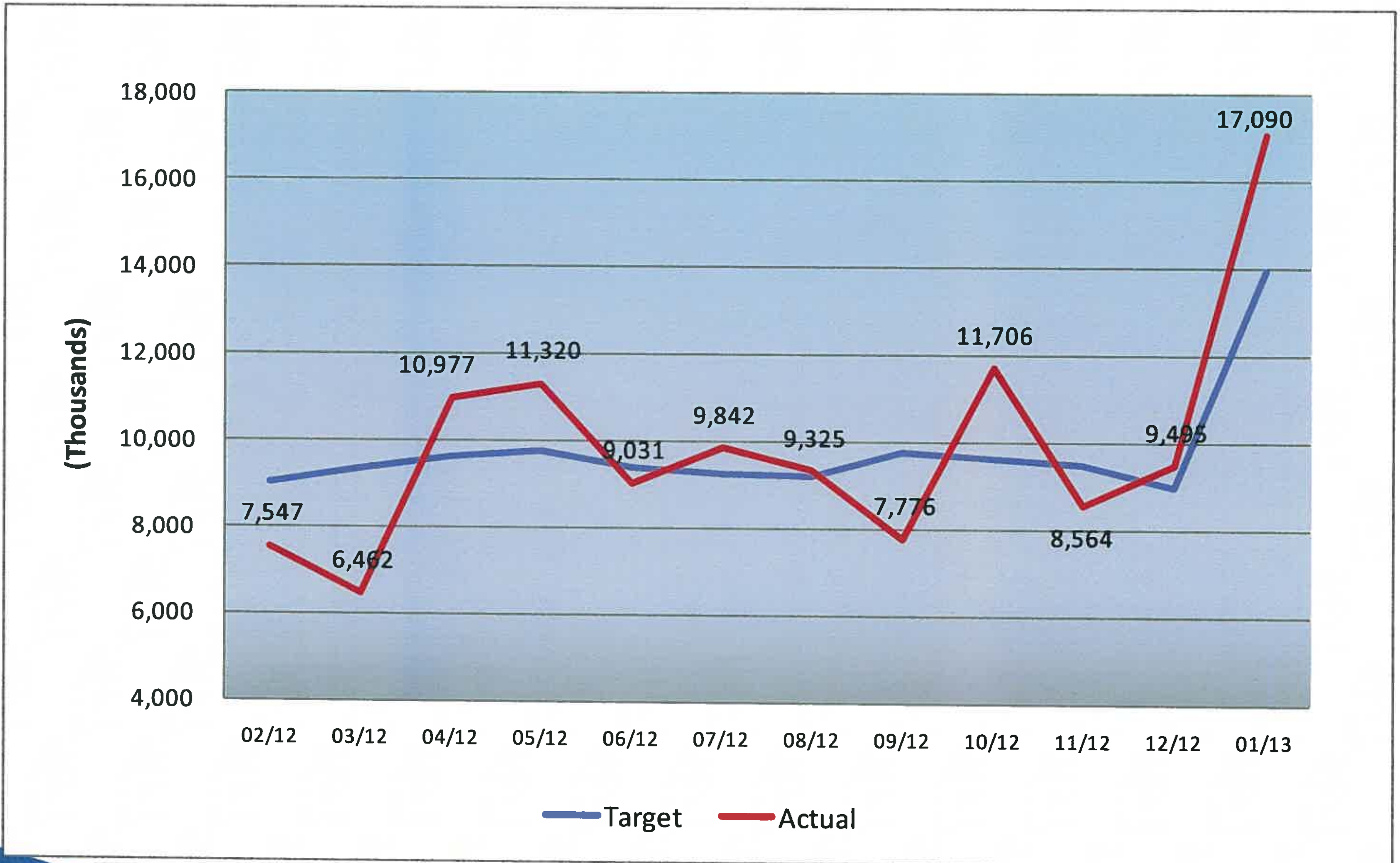
January 31, 2013

(Thousands)

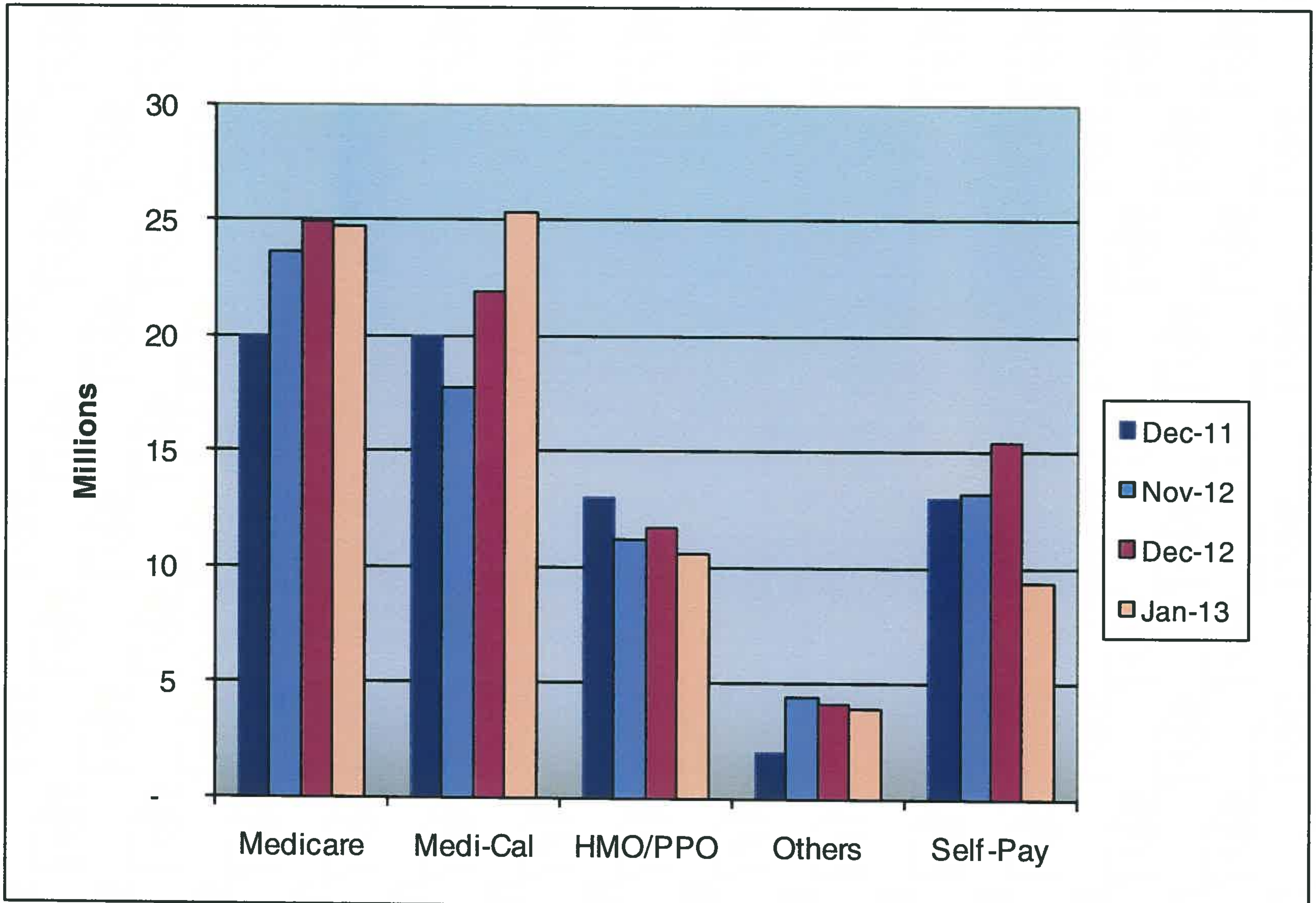
	January 31, 2013	December 31, 2012
Net Patient Accounts Receivable	$21,747	$29,792
Net Days in Accounts Receivable	73.4	91.1

California Benchmark Average	65.7 days
Top 25%	45.2 days
Top 10%	35.5 days

Cash Collections

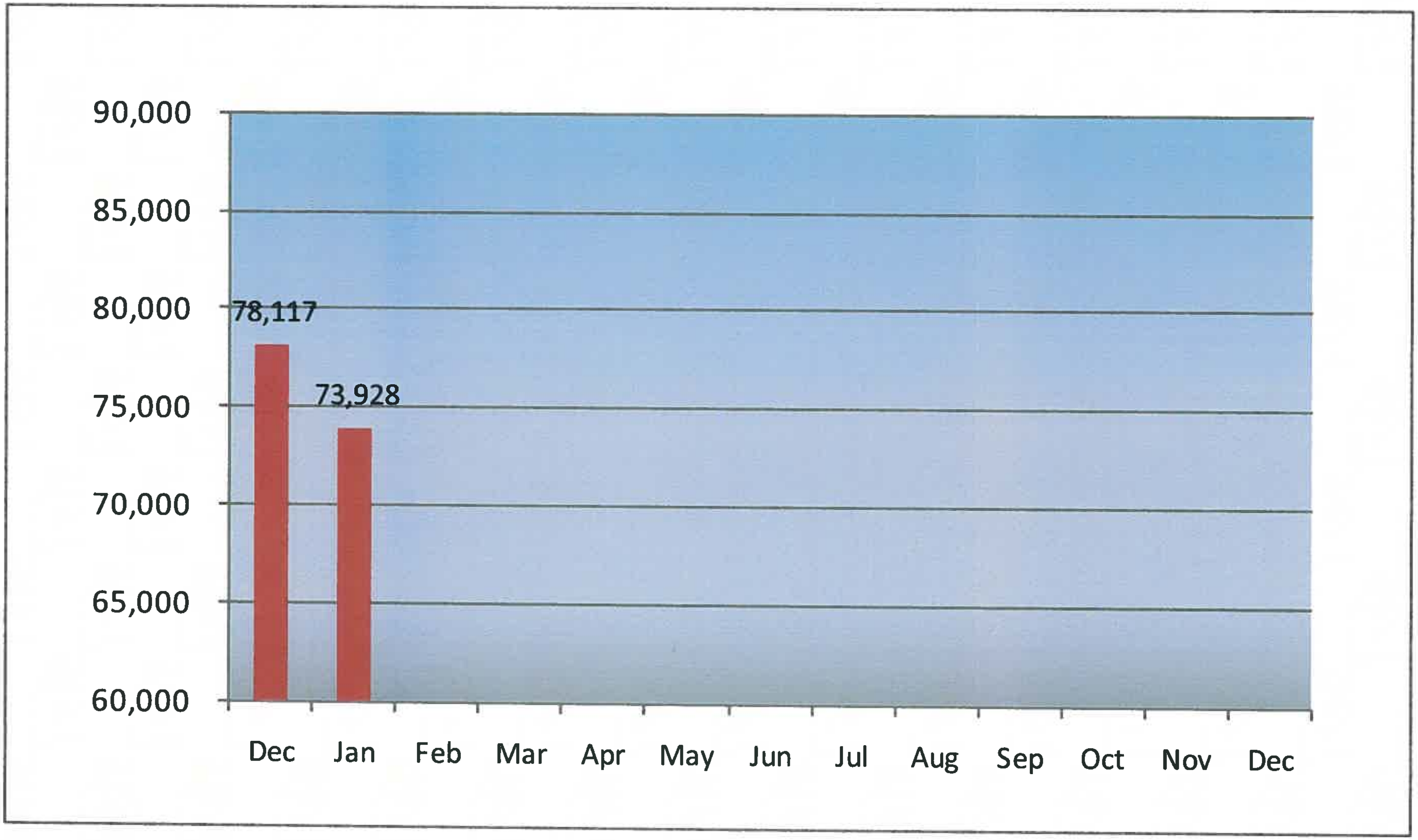


A/R by Payor



30
25
20
15
10
5
-
Millions
Medicare
Medi-Cal
HMO/PPO
Others
Self-Pay
Dec-11
Nov-12
Dec-12
Jan-13

Accounts Receivable



Accounts Receivable Project

Hired AR Consultant December 2012

Board Approved Revenue Cycle Solution December

Five month Revenue Cycle Solution started January

TRAC System scheduled for go live on Feb 20

Expectation to lower Accounts receivable $3.0 million

Accounts Receivable Results to Date

- Reorganized Staffing
- January Collections $1.3 million over
- TRAC system live on Feb 13
- Staff training in system on Feb 13
- ONTRAC system go live March 6

WEST CONTRA COSTA HEALTHCARE DISTRICT
DOCTORS MEDICAL CENTER
INCOME STATEMENT
January 31, 2013
(Amounts in Thousands)

CURRENT PERIOD				PRIOR YEAR		CURRENT YTD				PRIOR YEAR
ACTUAL	BUDGET	VAR	VAR %	ACTUAL		ACTUAL	BUDGET	VAR	VAR %	ACTUAL
					OPERATING REVENUE					
10,916	10,080	836	8.3%	9,462	Net Patient Service Revenue	10,916	10,080	836	8.3%	9,462
103	130	(27)	-20.7%	75	Other Revenue	103	130	(27)	-20.7%	75
11,019	10,210	809	7.9%	9,537	**Total Operating Revenue**	11,019	10,210	809	7.9%	9,537
					OPERATING EXPENSES					
5,124	5,336	212	4.0%	5,168	Salaries & Wages	5,124	5,336	212	4.0%	5,168
3,203	2,986	(217)	-7.3%	2,758	Employee Benefits	3,203	2,986	(217)	-7.3%	2,758
1,107	1,017	(90)	-8.9%	780	Professional Fees	1,107	1,017	(90)	-8.9%	780
1,424	1,422	(2)	-0.1%	1,497	Supplies	1,424	1,422	(2)	-0.1%	1,497
1,021	985	(36)	-3.6%	785	Purchased Services	1,021	985	(36)	-3.6%	785
322	331	9	2.7%	298	Rentals & Leases	322	331	9	2.7%	298
417	423	6	1.4%	348	Depreciation & Amortization	417	423	6	1.4%	348
338	376	38	10.2%	325	Other Operating Expenses	338	376	38	10.2%	325
12,956	12,877	(79)	-0.6%	11,959	**Total Operating Expenses**	12,956	12,877	(79)	-0.6%	11,959
(1,937)	(2,667)	730	-27.4%	(2,422)	**Operating Profit / Loss**	(1,937)	(2,667)	730	-27.4%	(2,422)
					NON-OPERATING REVENUES (EXPENSES)					
-	-	-	0.0%	-	Other Non-Operating Revenue	-	-	-	0.0%	-
1,123	1,136	(13)	1.1%	708	District Tax Revenue	1,123	1,136	(13)	1.1%	708
47	4	43	1150.3%	4	Investment Income	47	4	43	1150.3%	4
(404)	(398)	(6)	0.0%	(184)	Less: Interest Expense	(404)	(398)	(6)	1.5%	(184)
766	742	24	3.3%	528	**Total Net Non-Operating**	766	742	24	3.3%	528
(1,171)	(1,925)	754	-39.2%	(1,894)	**Income Profit (Loss)**	(1,171)	(1,925)	754	-39%	(1,894)
					Profitability Ratios:					
-17.6%	-26.1%	90.2%		-25.4%	Operating Margin %	-17.6%	-26.1%	90.2%		-25.4%
-10.6%	-18.9%	8.2%		-19.9%	Profit Margin %	-10.6%	-18.9%	8.2%		-19.9%

WEST CONTRA COSTA HEALTHCARE DISTRICT
DOCTORS MEDICAL CENTER
INCOME STATEMENT
January 31, 2013
(Amounts in Thousands)

CURRENT PERIOD ACTUAL	CURRENT PERIOD BUDGET	CURRENT PERIOD VAR	CURRENT PERIOD VAR %	PRIOR YEAR ACTUAL		CURRENT YTD ACTUAL	CURRENT YTD BUDGET	CURRENT YTD VAR	CURRENT YTD VAR %	PRIOR YEAR ACTUAL
2,268	2,209	(59)	-2.7%	2,167	SWB / APD	2,268	2,209	(59)	-2.7%	2,167
64.3%	64.6%	5.3%		66.3%	SWB / Total Operating Expenses	64.3%	64.6%			66.3%
3,529	3,418	(111)	-3.2%	3,270	Total Operating Expenses / APD	3,529	3,418	(111)	-3.2%	3,270
40,570	38,518	2,052	5.3%	37,096	I/P Gross Charges	40,570	38,518	2,052	5.3%	37,096
19,688	22,560	(2,872)	-12.7%	20,172	O/P Gross Charges	19,688	22,560	(2,872)	-12.7%	20,172
60,258	**61,078**	**(820)**	**-1.3%**	**57,268**	**Total Gross Charges**	**60,258**	**61,078**	**(820)**	**-1.3%**	**57,268**
					Payor Mix (IP and OP)					
46%	40%	6%		37%	Medicare %	46%	40%	6%		37%
3%	5%	-2%		10%	Medi-Cal %	3%	5%	-2%		10%
0%	13%	-13%		12%	Managed Care HMO / PPO %	11%	13%	-2%		12%
11%	10%	1%		11%	Medicare HMO %	11%	10%	1%		11%
17%	17%	0%		16%	Medi-Cal HMO %	17%	17%	0%		16%
0%	0%	0%		0%	Commercial %	0%	0%	0%		0%
1%	1%	0%		1%	Worker's Comp %	1%	1%	0%		1%
1%	2%	-1%		2%	Other Government %	1%	2%	-1%		2%
10%	10%	0%		11%	Self Pay /Charity %	10%	10%	0%		11%
					STATISTICS					
580	489	91	18.6%	489	Admissions	580	489	91	18.6%	489
571	493	78	15.8%	493	Discharges	571	493	78	15.8%	493
2,472	2,376	96	4.0%	2369	Patient Days	2,472	2,376	96	4.0%	2,369
79.7	76.6	3.1	4.0%	76.4	Average Daily Census (ADC)	6.8	76.6	(69.9)	-91.2%	76.4
4.33	4.82	0.49	10.2%	4.81	Average Length of Stay (LOS)- Accrual Based	4.33	4.82	0.49	10.2%	4.81
31	31			31	Days in Month	366	31			31
848	782	66	8.5%	761	Adjusted Discharges (AD)	848	782	66	8.5%	761
3,672	3,768	(96)	-2.5%	3,657	Adjusted Patient Days (APD)	3,672	3,768	(96)	-2.5%	3,657
118	122	(3)	-2.5%	118	Adjusted ADC (AADC)	10	122	(112)	-91.7%	118
77	77	-	0.0%	72	Inpatient Surgeries	77	77	-	0.0%	72
73	84	(11)	-13.1%	105	Outpatient Surgeries	73	84	(11)	-13.1%	105
150	**161**	(11)	-6.8%	**177**	**Total Surgeries**	**150**	**161**	(11)	-6.8%	**177**

WEST CONTRA COSTA HEALTHCARE DISTRICT
DOCTORS MEDICAL CENTER
INCOME STATEMENT
January 31, 2013
(Amounts in Thousands)

CURRENT PERIOD				PRIOR YEAR		CURRENT YTD				PRIOR YEAR
ACTUAL	BUDGET	VAR	VAR %	ACTUAL		ACTUAL	BUDGET	VAR	VAR %	ACTUAL
3,582	3,090	492	15.9%	3067	ED Outpatient Visits	3,582	3,090	492	15.9%	3,067
3,010	3,539	(529)	-14.9%	3590	Ancillary Outpatient Visits	3,010	3,539	(529)	-14.9%	3,590
73	84	(11)	-13.1%	105	Outpatient Surgeries	73	84	(11)	-13.1%	105
6,665	**6,713**	(48)	-0.7%	**6,762**	**Total Outpatient Visits**	**6,665**	**6,713**	(48)	-0.7%	**6,762**
556	438	118	27.0%	447	Emergency Room Admits	5,633	438	5,195	1187.1%	447
15.5%	14.2%			14.6%	% of Total E/R Visits	157.3%	14.2%			14.6%
95.9%	89.5%			91.4%	% of Acute Admissions	971.2%	89.5%			91.4%
592	#N/A	#N/A	#N/A	612	Worked FTE	592	#N/A	#N/A	#N/A	612
721	#N/A	#N/A	#N/A	758	Paid FTE	721	#N/A	#N/A	#N/A	758
5.00	#N/A	#N/A	#N/A	5.19	Worked FTE / AADC	59.06	#N/A	#N/A	#N/A	5.19
6.09	#N/A	#N/A	#N/A	6.42	Paid FTE / AADC	71.85	#N/A	#N/A	#N/A	6.42
2,973	2,676	298	11.1%	2,587	Net Patient Revenue / APD	2,973	2,676	298	11.1%	2,587
16,412	16,211	200	1.2%	15,659	I/P Charges / Patient Days	16,412	16,211	200	1.2%	15,659
2,954	3,361	(407)	-12.1%	2,983	O/P Charges / Visit	2,954	3,361	(407)	-12.1%	2,983
1,396	1,416	21	1.5%	1,413	Salary Expense / APD	1,396	1,416	21	1.5%	1,413
4.77	5.82	1.04	18.0%	4.73	Medicare LOS - Discharged Based	4.77	5.82	1.04	18.0%	4.73
1.60	1.55	0.05	3.0%	1.69	Medicare CMI	1.60	1.55	0.05	3.0%	1.69
2.99	3.75	(0.76)	-20.3%	2.80	Medicare CMI Adjusted LOS	2.99	3.75	(0.76)	-20.3%	2.80
4.33	4.82	0.49	10.2%	4.79	Total LOS - Discharged Based	4.33	4.82	0.49	10.2%	4.79
1.55	1.52	0.03	1.7%	1.52	Total CMI	1.55	1.52	0.03	1.7%	1.52
2.80	3.17	(0.37)	-11.6%	3.15	Total CMI Adjusted LOS	2.80	3.17	(0.37)	-11.6%	3.15

WEST CONTRA COSTA HEALTHCARE DISTRICT
DOCTORS MEDICAL CENTER
BALANCE SHEET
January 31, 2013
(Amounts in Thousands)

	Current Month	Dec. 31, 2012
ASSETS		
Cash	6,498	5,059
Net Patient Accounts Receivable	21,747	29,792
Other Receivables	1,452	464
Inventory	1,704	1,731
Current Assets With Limited Use	9,940	11,612
Prepaid Expenses and Deposits	1,355	1,622
TOTAL CURRENT ASSETS	42,696	50,280
Assets With Limited Use	642	642
Property Plant & Equipment		
Land	12,120	12,120
Bldg/Leasehold Improvements	29,433	29,432
Capital Leases	10,926	10,926
Equipment	44,406	43,579
CIP	51	860
Total Property, Plant & Equipment	96,936	96,917
Accumulated Depreciation	-54,299	-53,887
Net Property, Plant & Equipment	42,637	43,030
Intangible Assets	1,449	1,454
Total Assets	87,424	95,406
Current Ratio (CA/CL)	*1.26*	*1.24*
Net Working Capital (CA-CL)	*8,802*	*9,849*
Long Term Debt Ratio (LTD/TA)	*0.70*	*0.64*
Long Term Debt to Capital (LTD/(LTD+TE)	*1.20*	*1.17*
Financial Leverage (TA/TE)	*-8.5*	*-10.5*
Quick Ratio	0.83	0.86
Unrestricted Cash Days	16	11
Restricted Cash Days	25	27
Net A/R Days	73.4	91.1

		Current Month	Dec. 31, 2012
	LIABILITIES		
96	Current Maturities of Debt Borrowings	1,572	1,613
97	Accounts Payable and Accrued Expenses	10,323	16,831
98	Accrued Payroll and Related Liabilities	16,989	17,028
99	Deferred District Tax Revenue	3,091	3,091
100	Estimated Third Party Payor Settlements	1,919	1,868
101	**Total Current Liabilities**	33,894	40,431
	Other Liabilities		
102	Other Deferred Liabilities	2,564	2,805
103	Chapter 9 Bankruptcy	0	0
	Long Term Debt		
104	Notes Payable - Secured	61,240	61,242
105	Capital Leases	1,575	1,647
106	Less Current Portion LTD	-1,572	-1,613
107	**Total Long Term Debt**	61,243	61,276
108	**Total Liabilities**	97,701	104,512
	EQUITY		
109	Retained Earnings	-9,106	9,667
110	Year to Date Profit / (Loss)	-1,171	-18,773
111	**Total Equity**	-10,277	-9,106
112	**Total Liabilities & Equity**	87,424	95,406

DOCTORS
MEDICAL CENTER

January 2013 Executive Report

Doctors Medical Center had a Net Loss of $1,200,000 in the month of January. As a result, net income was over budget by $754,000. The following are the factors leading to the Net Income variance:

Net Patient Revenue Factors	**Positive / (Negative)**	**Days**
Medicare / Medicare HMO	$1,408,000	130
Medi-Cal / Medi-Cal HMO	$ 310,000	56
Managed Care, Commercial, PPO	($ 674,000)	(45)
Government / Workers Compensation	($ 192,000)	(18)
Expenses		
Salaries & Benefits	$ 5,000	
Professional Fees	$ 90,000	

Net patient revenue was over budget by $836,000. Inpatient gross charges were over budget by 5.3%. Patient days were 4.0% over budget with discharges at 15.8% over budget. Outpatient gross charges were under budget in January by 12.7%. Outpatient volume was 0.7% under budget in January with the exception of the emergency department visits which were 15.9% over budget.

The positive volume increases in Medicare and Medi-Cal account for the positive revenue variance. Managed care and government volumes were down in January and account for the shortfall in revenue for those payors.

Salaries and Benefits combined were over budget by $5,000 in January. Worked FTE's per adjusted average daily census was favorable to budget by 1.5% with salaries and wages at 4.0% under budget. Patient days were 4.0% over budget and outpatient visits were 0.7% under budget. Benefit costs were over budget in January by $217,000 due to health insurance and higher unemployment taxes.

Professional Fees were over budget in January by $90,000 due to increased emergency physician fees (volume) and one unbudgeted consultant.

DOCTORS
MEDICAL CENTER

APPROVAL OF CEP CONTRACT AMENDMENT

TAB 6

DOCTORS
MEDICAL CENTER

TRANSACTION SUMMARY
PHYSICIAN TRANSACTIONS AND ARRANGEMENTS

California Emergency Physicians Medical Group
Emergency Department Contract Effective May 1, 2013

A. Parties

- Identify the physician/group and indicate the specialty/practice area and administrative expertise.

  California Emergency Physicians Medical Group (CEP) for the provision of emergency department coverage to include physicians, physician assistants/nurse practitioners, Medical Direction and identified clerical staff

- Will the arrangement be with the physician as an individual, or with his/her group?

  The arrangement is with a group/corporation

B. Purpose/Reasons to Pursue the Arrangement

- Describe how the arrangement meets a community need.

  The arrangement provides emergency department physician and associated staff coverage on a 24 hour/7 day basis to meet the emergency medical needs of the community.

- Indicate whether the arrangement is new or is a renewal of an existing arrangement.

  The arrangement is for the renewal of an existing arrangement. Terms have changed from the existing contract.

C. Services to be Provided

- Describe the services to be provided by the physician/group.

CEP will provide 24/7 physician and support staff coverage with staffing levels consist to address volume and patient needs, medical direction for emergency services, and participation in and support for all appropriate quality, compliance and related activities and initiatives of DMC.

- Describe the time commitment of physician/group (e.g., FTE, part-time, # of hours)

CEP shall schedule a sufficient number of qualified Providers to be immediately available to provide all physician services required for patient care in and operation of the Department twenty-four (24) hours per day, seven (7) days per week, fifty-two (52) weeks per year, including weekends and holidays.

- Describe how the services actually provided will be tracked and documented by hospital management.

Not Applicable

D. <u>Financial Terms</u>

- Describe the compensation methodology (hourly fee, monthly or annual salary, etc.). Indicate the aggregate compensation to be paid.

No compensation is provided. This contract eliminates the compensation (both base and incentive) provided under the prior contract.

- Describe any other benefits payable to, or provided to (space, services, equipment, etc.), the physician.

DMC will provide clinical and office space to the physicians to necessary to carry out their responsibilities under the contract.

- Describe the methodology for determining that the financial terms meet Fair Market Value requirements.

NA

E. <u>Other Terms</u>

- Indicate whether the arrangement will be structured as an employment or independent contractor relationship.

Independent Contract relationship

- Indicate the term of the arrangement (dates) and describe the termination provisions.

  The arrangement is effective May 1, 2013 with a three year term

- Indicate insurance coverage arrangements.

  CEP, at its sole cost and expense, shall procure and maintain throughout the entire term of this Agreement, professional liability insurance coverage for services rendered by CEP in the Department in the minimum amount of one million dollars ($1,000,000) per occurrence and three million dollars ($3,000,000) in the annual aggregate covering CEP, Medical Director, and all Physicians and Allied Health Professionals. CEP shall provide Hospital with certificates of insurance evidencing the insurance coverage required under this Section at the time this Agreement is executed. Such insurance policy or policies shall also provide for not less than thirty (30) days notice to Hospital of any cancellation, reduction, or other material change in the amount of scope of any

F. <u>Business and Financial Risk</u>

- Identify any specific business and financial risks of the arrangement.

  None identified

- Identify any conflicts of interest that have been identified through application of the Conflict of Interest Policy.

  None identified

G. <u>Special Terms</u>

- List any special requests or conditions proposed by the physician.

  In consideration for the removal of stipend payments, the "without cause" termination provisions have been eliminated. The standard "with cause" provisions continue to be included.

Recommended for Approval:

______________________________ Dated: ____________________

Chief Executive Officer
Doctors' Medical Center – San Pablo

DOCTORS MEDICAL CENTER

Amendment to Agreement
By and Between
Doctors' Medical Center—San Pablo
and
California Emergency Physicians Medical Group

Hospital Emergency Department Agreement

This amendment effective as of May 1, 2013 (the "Effective Date") shall amend the Hospital Emergency Department Agreement ("Agreement") by and between the West Contra Costa Healthcare District dba Doctors' Medical Center – San Pablo, a political subdivision of the State of California ("Hospital") and California Emergency Physicians Medical Group ("CEP") entered into on April 1, 2012.

Notwithstanding any other provision of the above referenced Agreement to the contrary, the parties agree that the following sections of the Agreement shall be amended as follows:

Paragraph C of the Recitals shall be replaced with the following new paragraph C:

C. Hospital has considered various means of providing quality patient care in its emergency department and has determined that the exclusivity of the arrangement provided for in this Agreement shall best accomplish these goals and is warranted by the continuity, accountability, quality, efficiency and availability provided for in this Agreement. Such exclusivity shall not restrict other individual members of the medical staff at Hospital from utilizing the emergency department facility to provide services to their patients. In consideration of Hospital's grant of exclusivity, CEP agrees to provide the services provided under this agreement at no cost to Hospital.

Paragraph 5
Billing and Compensation

Paragraph 5.4. **<u>Compensation to CEP for Additional Services</u>.**

Paragraph 5.4.1 shall be removed in its entirety and no compensation shall be due and owing.

Paragraph 5.4.2 shall be removed in its entirety and no compensation shall be due and owing.

Paragraph 5.4.3 shall be removed in its entirety and no Incentive Compensation shall be due and owing

Paragraph 9
Term and Termination

Paragraph 9.1 **<u>Term</u>**

[*Revised to Read*] The term of the Agreement shall commence on May 1, 2013 and shall continue for a period of three (3) years until April 30, 2016. Thereafter the Agreement may be extended for additional one (1) year terms, but only upon written approval of both Hospital and CEP.

Paragraph 9.2 **<u>Termination without Cause</u>**

Paragraph 9.2 shall be removed in its entirety.

The parties have entered into this Amendment on this _____ day of ______________, 2013, and this Amendment shall be effective as of the Effective Date.

California Emergency Physicians Medical Group	**Doctors' Medical Center – San Pablo**
By:____________________________	**By:**____________________________
Its:____________________________	**Its:** ____________________________
Date:__________________________	**Date:**__________________________

DOCTORS
MEDICAL CENTER

APPROVAL OF HURON CONTRACT

TAB 7

Huron
CONSULTING GROUP

February 21, 2013

Eric, Chair
West Contra Costa Healthcare District
c/o Doctors Medical Center
2000 Vale Road
San Pablo, CA 94806

Dear Director Zell:

I am pleased to confirm, on behalf of Huron Consulting Services LLC ("Huron", "we" "us" or "our"), our engagement to provide West Contra Costa Healthcare District d/b/a Doctors Medical Center ("you" or "DMC") certain services related to management and consulting services. This Agreement replaces in its entirety the previous engagement letter of March 15, 2011.

Objectives and Scope

We understand the engagement objective and scope is to provide an individual who will serve as Interim CEO and provide certain consulting services related to the overall management of the organization, and development of a business plan. Dawn M. Gideon will serve in this capacity.

The services we provide are intended solely for your use in connection with this engagement and should not be used or relied upon for any other purpose. Any written work product we prepare for you is to be used solely for purposes of this engagement and may not be published or used, in whole or in part, for any other purpose without our written permission.

Our Services

Huron will make available to DMC the services of Dawn M. Gideon to serve as Interim CEO. Huron shall cause the Interim CEO to perform her respective duties and responsibilities in a diligent, efficient, and faithful manner and to the best of her abilities in accordance with DMC's by-laws and policies and in compliance with applicable provisions of state law. The Interim CEO shall report to the Governing Body during the term of this Agreement and her responsibilities will include but not be limited to:

- Oversee all management, financial and operational affairs of DMC and controlled entities;
- Continue the development and implementation of restructuring and turnaround plans;
- Design, implement and oversee cash and liquidity management systems and processes;
- Lead or support financing activities;

- Lead DMC and the Governing Body in strategic initiatives including the search for a long term strategic partner;
- Collaborate with other area providers in the continued development and evolution of the DMC delivery system; and
- Implement strategies in support of Governing Body annual Strategic Priorities including Patient Satisfaction, Fiscal Responsibility, Quality, Workforce Engagement, Image Management, Healthy Workforce.

The timing for this engagement will begin on March 1, 2013 and will continue on a month-to-month basis thereafter. This engagement may be terminated by either party, without cause or penalty, at any time upon ten (10) days written notice.

If any factors arise that are beyond our control that would affect the availability of our staff, such as death, illness, disability, or a career change, we will notify you immediately, and subject to your approval, provided such approval shall not be unreasonably withheld, we will assign a replacement Interim CEO with substantially equivalent skills experience and expertise.

We are a management consulting firm and not a CPA firm, and do not provide attest services, audits or other engagements in accordance with the AICPA Statements on Auditing Standards. We will not audit any financial statements or perform attest procedures with respect to information in conjunction with this engagement. Our services are not designed, nor should they be relied upon, to identify weaknesses in internal controls, financial statement errors, irregularities, illegal acts or disclosure deficiencies.

Your Responsibilities

In connection with our provision of services, you will perform the tasks, furnish the personnel, provide the resources, and undertake the responsibilities specified below.

To help maximize the value of our work to you and to keep the project moving on schedule, you agree to comply with all of our reasonable requests and to provide us timely access to all information and locations reasonably necessary to our performance of the services.

You agree to provide all Huron personnel acting as officers of DMC the most favorable indemnities provided by DMC to its officers and directors, whether under DMC's by-laws, partnership agreement, by contract or otherwise. This indemnification is in addition to the indemnification afforded Huron under the attached General Business Terms. DMC shall also provide such Huron personnel full coverage under applicable DMC insurance policies that protect officers and directors from liability. Certificates of insurance demonstrating the coverage contemplated by the foregoing shall be furnished to us, upon request.

Except as stated in this Engagement Letter, the risk of loss with respect to DMC's operations and assets shall be borne by DMC. Huron shall not be deemed to have assumed or be liable for any claim, liability, or obligation of DMC whether known or unknown, fixed or contingent accrued or un-accrued. Except as otherwise required by applicable law, any reference to the nature or results of Huron's work may not be communicated to the public through public relations media, news media, sales media, or any other means without the prior written consent of both parties.

In the event DMC files for relief under Chapter 9 of the Bankruptcy Code, (a) DMC agrees to file an appropriate motion prepared in consultation with Huron as to matters relating to our retention by DMC and provision of Services as contemplated hereunder, on the first day of the bankruptcy case, which seeks the approval of the immediate assumption of this Agreement by DMC, and (b) this Agreement shall be subject to the entry of a final order of the Court approving the assumption of this Agreement, and (c) Huron shall not be required to perform any additional services under this Agreement until the entry of the Court's order approving the assumption of the Agreement or, if this Agreement is deemed not to be an executory contract, an order authorizing the employment of Huron under the terms of this Agreement. In the event, the order approving DMC's assumption of this Agreement or, if this Agreement is deemed not to be an executory contract, the order authorizing the engagement of Huron must be acceptable to Huron in its sole discretion.

The successful delivery of our services, and the fees charged, are dependent on (i) your timely and effective completion of your responsibilities, (ii) the accuracy and completeness of any assumptions, and (iii) timely decisions and approvals by your Governing Body. You will be responsible for any delays, additional costs, or other liabilities caused by any deficiencies in the assumptions or in carrying out your responsibilities.

Fees and Expenses

DMC shall pay to Huron, in advance on a monthly basis, for the management services provided by the Interim CEO at the base amount due hereunder. Payment is due no later than the 30th day of the month preceding the month in which the services are to occur.

Our monthly fees for the Interim CEO will be $40,000, pro-rated for partial months at the conclusion of her tenure at DMC. Out of pocket expenses (including transportation, lodging, meals, communications, supplies, copying, etc.) will be billed at the actual amounts incurred and shall be reasonable and in compliance with the policies of DMC for other senior executives. Out-of-pocket expenses for transportation, lodging and meals shall be capped at $10,000 per month.

Payments should be made by wire transfer to:

Bank of America, N.A.
Chicago, Illinois'
Routing No. 0260-0959-3
Account Title: Huron Consulting Services LLC
Account Number: 5800297276
Comments: (Include Invoice Number to ensure proper credit)

We understand that our bills should be sent to:

West Contra Costa Healthcare District

Attn: Chief Financial Officer
2000 Vale Road
San Pablo, CA 94806

Business Terms

The attached General Business Terms apply to this engagement.

* * * * * *

Please indicate your agreement with these terms by signing and returning to me the enclosed copy of this letter. This engagement and the enclosed terms will become effective upon our receipt of your signed copy. We appreciate the opportunity to be of service to you and look forward to working with you on this engagement.

Sincerely,

HURON CONSULTING SERVICES LLC

By: ________________________________

Attachments: General Business Terms

Acknowledged and Accepted:

West Contra Costa Healthcare District

By: ________________________________

Title: ________________________________

Date: ________________________________

Attachment to Engagement Letter dated February 11, 2013 between Huron Consulting Group and Doctors Medical Center, San Pablo

GENERAL BUSINESS TERMS

These General Business Terms, together with the Engagement Letter (including any and all attachments, exhibits and schedules) constitute the entire understanding and agreement (the "Agreement") between us with respect to the services and deliverables described in the Engagement Letter. If there is a conflict between these General Business Terms and the terms of the Engagement Letter, these General Business Terms will govern, except to the extent the Engagement Letter explicitly refers to the conflicting term herein.

1. Our Services and Deliverables We will provide the services and furnish the deliverables (the "Services") as described in our Engagement Letter and any attachments thereto, as may be modified from time to time by mutual consent.

2. Independent Contractor We are an independent contractor and not your employee, agent, joint venturer or partner, and will determine the method, details and means of performing our Services. We assume full and sole responsibility for the payment of all compensation and expenses of our employees and for all of their state and federal income tax, unemployment insurance, Social Security, payroll and other applicable employee withholdings.

3. Fees and Expenses (a) Our fees and payment terms are set out in our Engagement Letter. Those fees do not include taxes and other governmental charges (which will be separately identified in our invoices.)

(b) You acknowledge that where out-of-town personnel are assigned to any project on a long-term basis (as defined from time to time in the applicable provisions of the Internal Revenue Code and related IRS regulations, and currently defined, under IRC Section 162, as a period of time reasonably expected to be greater than one year), the associated compensatory tax costs applied to out-of-town travel and living expenses also shall be calculated on an individual basis, summarized, and assessed to such personnel. In such cases, the expenses for which you shall reimburse us hereunder shall be deemed to include the estimated incremental compensatory tax costs associated with the out-of-town travel and living expenses of our personnel, including tax gross-ups. We shall use reasonable efforts to limit such expenses.

(c) We reserve the right to suspend Services if invoices are not timely paid, in which event we will not be liable for any resulting loss, damage or expense connected with such suspension.

4. Taxes (a) You will be responsible for and pay all applicable sales, use, excise, value added, services, consumption and other taxes and duties associated with our performance or your receipt of our Services, excluding taxes on our income generally.

(b) If you are required by the laws of any foreign tax jurisdiction to withhold income or profits taxes from our payment, then the amount payable by you upon which the withholding is based shall be paid to us net of such withholding. You shall pay any such withholding to the applicable tax authority. However, if after 120 days of the withholding, you do not provide us with official tax certificates documenting remittance of the taxes, you shall pay to us an amount equal to such withholding. The tax certificates shall be in a form sufficient to document qualification of the taxes for the foreign tax credit allowable against our corporation income tax.

5. Confidentiality and Privacy (a) With respect to any information supplied in connection with this engagement and designated by either of us as confidential, or which the other should reasonably believe is confidential based on its subject matter or the circumstances of its disclosure ("Confidential Information"), the other agrees to protect the confidential information in a reasonable and appropriate manner, and use confidential information only to perform its obligations under this engagement and for no other purpose. This will not apply to information which is: (i) publicly known, (ii) already known to the recipient, (iii) lawfully disclosed by a third party, (iv) independently developed, (v) disclosed pursuant to legal requirement or order, or (vi) disclosed to taxing authorities or to representatives and advisors in connection with tax filings, reports, claims, audits and litigation.

(b) Confidential Information made available hereunder, including copies thereof, shall be returned or destroyed upon request by the disclosing party; provided that the receiving party may retain other archival copies for recordkeeping or quality assurance purposes and receiving party shall make no unauthorized use of such copies.

(c) We agree to use any personally identifiable information and data you provide us only for the purposes of this engagement and as you direct, and we will not be liable for any third-party claims related to such use. You agree to take necessary actions to ensure that you comply with applicable laws relating to privacy and/or data protection, and acknowledge that we are not providing legal advice on compliance with the privacy and/or data protection laws of any country or jurisdiction.

(d) We may also mention your name and provide a general description of the engagement in our client lists or marketing materials.

6. Our Deliverables and Your License Upon full and final payment of all amounts due us in connection with this engagement, all right, title and interest in the deliverables set out in our Engagement Letter will become your sole and exclusive property, except as set forth below. We will retain sole and exclusive ownership of all right, title and interest in our work papers, proprietary information, processes, methodologies, know-how and software ("Huron Property"), including such information as existed prior to the delivery of our Services and, to the extent such information is of general application, anything which we may discover, create or develop during our provision of Services for you. To the extent our deliverables to you contain Huron Property, upon full and final payment of all amounts due us in connection with this engagement, we grant you a non-exclusive, non-assignable, royalty-free, perpetual license to use it in connection with the deliverables and the subject of the engagement and for no other or further use without our express, prior written consent. If our deliverables are subject to any third party rights in software or intellectual property, we will notify you of such rights. Our deliverables are to be used solely for the purposes intended by this engagement and may not be disclosed, published or used in whole or in part for any other purpose.

7. Your Responsibilities. To the extent applicable, you will cooperate in providing us with office space, equipment, data and access to your personnel as necessary to perform the Services. You shall provide reliable, accurate and complete information necessary for us to adequately perform the Services and will promptly notify us of any material changes in any information previously provided. You acknowledge that we are not responsible for independently verifying the truth or accuracy of any information supplied to us by or on behalf of you.

8. Our Warranty We warrant that our Services will be performed with reasonable care in a diligent and competent manner. Our sole obligation will be to correct any non-conformance with this warranty, provided that you give us written notice within 10 days after the Services are performed or delivered. The notice will specify and detail the non-conformance and we will have a reasonable amount of time, based on its severity and complexity, to correct the non-conformance.

We do not warrant and are not responsible for any third party products or services. Your sole and exclusive rights and remedies with respect to any third party products or services are against the third party vendor and not against us.

THIS WARRANTY IS OUR ONLY WARRANTY CONCERNING THE SERVICES AND ANY DELIVERABLE, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, ALL OF WHICH ARE HEREBY DISCLAIMED.

9. Liability and Indemnification (a) This engagement is not intended to shift risk normally borne by you to us. To the fullest extent permitted under applicable law, you agree to indemnify and hold us and our personnel, agents and contractors harmless against all costs, fees, expenses, damages, and liabilities (including reasonable defense costs and legal fees), associated with any legal proceeding or other claim brought against us by a third party, including a subpoena or court order, arising from or relating to any Services that you use or disclose, or this engagement generally. This indemnity shall not apply to the extent a claim arises out of our gross negligence or willful misconduct, as finally adjudicated by a finder of fact.

(b) We will not be liable for any special, consequential, incidental, indirect or exemplary damages or loss (nor any lost profits, savings or business opportunity). Further, our liability relating to this engagement will in no event exceed an amount equal to the fees (excluding taxes and expenses) we receive from you for the portion of the engagement giving rise to such liability.

(c) Neither of us will be liable for any delays or failures in performance due to circumstances beyond our reasonable control.

10. Non-Solicitation During the term of this engagement, and for a period of one year following its expiration or termination, you will not directly or indirectly solicit, employ or otherwise engage any of our employees (including former employees) or contractors who were involved in the engagement.

11. Termination

(a) Termination for Convenience. Either party may terminate this Agreement for convenience at any time on 10 days' prior written notice to the other.

(b) Termination for Breach. Either party may terminate this Agreement for breach if, within 15 days' notice, the breaching party fails to cure a material breach of this Agreement.

(c) To the extent you terminate this Agreement for convenience, you will pay us for all Services rendered, effort expended, expenses incurred, contingent fees (if any), or commitments made by us to the effective date of termination. To the extent you terminate this Agreement for breach, you will pay us for all conforming Services rendered and reasonable expenses incurred by us to the effective date of the termination.

(d) Further, we reserve the right to terminate this Agreement at any time, upon providing written notice to you, if conflicts of interest arise or become known to us that, in our sole judgment, would impair our ability to perform the Services objectively.

(e) The terms of this Agreement which relate to confidentiality, ownership and use, limitations of liability and indemnification, non-solicitation and payment obligations shall survive its expiration or termination.

12. General (a) This Agreement supersedes all prior oral and written communications between us, and may be amended, modified or changed only in a writing when signed by both parties.

(b) No term of this Agreement will be deemed waived, and no breach of this agreement excused, unless the waiver or consent is in writing signed by the party granting such waiver or consent.

(c) We each acknowledge that we may correspond or convey documentation via Internet e-mail and that neither party has control over the performance, reliability, availability, or security of Internet e-mail. Therefore, neither party will be liable for any loss, damage, expense, harm or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any Internet e-mail due to any reason beyond our reasonable control.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of California without giving effect to conflict of law rules. The parties hereto agree that any and all disputes or claims arising hereunder shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Any arbitration will be conducted in San Francisco, California. Any arbitration award may be entered in and enforced by any court having jurisdiction thereof, and the parties consent and commit themselves to the jurisdiction of the courts of the State of Illinois for purposes of any enforcement of any arbitration award. Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

(e) If any portion of this Agreement is found invalid, such finding shall not affect the enforceability of the remainder hereof, and such portion shall be revised to reflect our mutual intention.

(f) This Agreement shall not provide third parties with any remedy, cause, liability, reimbursement, claim of action or other right in law or in equity for any matter governed by or subject to the provisions of this Agreement

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DOCTORS MEDICAL CENTER

MEDICAL EXECUTIVE REPORT

TAB 9

MEDICAL EXECUTIVE COMMITTEE
REPORT TO THE BOARD

MEC Date: 2/11/13

Board Date: 2/27/13

Non-Action Items:

TOPIC	COMMENT(S)
• Dawn Gideon provided a reported on the following: 2012 Financial Performance; 2013 Revised Budget; Key Initiatives in process, including but are not limited to Physician Documentation, Supply Cost, Physicians and Other Contracts, Operating Efficiencies, A/R Process Improvements, Refinancing of 2004 COP Financing, Renegotiated union contracts, Service "partnership" for leasing of 7th floor, and Working with CCHP on increased volume. Discussion was held regarding this strategy and the viability of the facility.	No action required by the Board
• Orders/Protocol ➢ Post Op Interventional Cardiology ➢ Post Op Permanent Pacemaker Insertion ➢ Pre Interventional Cardiology	No action required by the Board
• Other Reports: ➢ CAMPOS Trial and the need for continued IRB oversight was discussed. A revised "Consent" form was also presented for review and approval.	No action required by the Board

Action Items: **None**

Credentials Report: The Credentials Report is reported under the Executive Session portion of the meeting.