



TAHOE FOREST HOSPITAL DISTRICT

Board Governance Committee

May 13, 2015 at 12:00 PM - 01:30 PM

Foundation Conference Room

,

Meeting Book - 2015 May 13 Board Governance Committee

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Discussion item. Materials may be provided at the meeting for review/consideration.



TAHOE
FOREST
HEALTH
SYSTEM

GOVERNANCE COMMITTEE AGENDA

Wednesday, May 13, 2015 at 12:00 p.m.
Foundation Conference Room - Tahoe Forest Health System Foundation
10976 Donner Pass Rd, Truckee, CA.

1. **CALL TO ORDER**

2. **ROLL CALL**

Karen Sessler, M.D., Chair; Greg Jellinek, M.D., Board Member

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

4. **INPUT – AUDIENCE**

5. **APPROVAL OF MINUTES OF:** 04/08/2015

6. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**

6.1. **Compliance**

6.1.1. **Quarterly Contract Compliance Audit** ATTACHMENT
In accordance with the 2015 Corporate Compliance Work Plan, results of an audit of a sample of contracts presented to the Board between Dec 2014 and Feb 2015 will be presented.

6.2. **Contracts** ATTACHMENT

6.2.1. MacQuarrie_dba_NTEP_Emergency_Services_Agreement_IVCH_2015

6.2.2. North_Tahoe_Orthopedic_Call_Coverage_Agreement 2015

6.3. **Board Goals** ATTACHMENT

The Committee will review the 2015 Board Goals approved by the Board at the April 28, 2015 meeting for committee dissemination.

6.4. **Committee Goals** ATTACHMENT

The Committee will review and update the status of its 2015 committee goals and further delineate tactics and measurements as appropriate.

6.5. **Board Education Program** *ATTACHMENT

The Committee will discuss topics and options for future board education.

7. **CLOSED SESSION**

7.1. Approval of Minutes: 04/08/15

8. **OPEN SESSION**

9. **REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

8. **NEXT MEETING DATE**

9. **ADJOURN**

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.



GOVERNANCE COMMITTEE

DRAFT MINUTES

Wednesday, April 8, 2015 at 12:00 p.m.

Foundation Conference Room - Tahoe Forest Health System Foundation
10976 Donner Pass Rd, Truckee, CA.

1. CALL TO ORDER

Meeting called to order at 12:00 p.m.

2. ROLL CALL

Karen Sessler, M.D., Chair; Greg Jellinek, M.D., Board Member

Staff: Virginia Razo, Chief Executive Officer; Crystal Betts, Chief Financial Officer; Judy Newland, Chief Nursing/Operations Officer; Jake Dorst, Chief Information/Innovation Officer; Ted Owens, Director Community Development; Carl Blumberg, Risk Manager; Patricia Barrett, Clerk of the Board

Other: Jim Hook, the Fox Group

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

4. INPUT – AUDIENCE

5. APPROVAL OF MINUTES OF: 03/12/2015

Correct reference to reflect “they’re” in item 6.2 related to OIG work plan article shared by the CFO.

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Policies [10 minutes]

6.1.1. **Conflict of Interest Code (ABD-06)**

A review of the policy and referenced designated positions included in the Conflict of Interest Code policy is required every two years. Director Sessler provided a review of the recommendation to add item 5 to the category designations to provide clarification that the policy coincides with FPPC rules. Once approved by the Board, the proposed policy is forwarded to the FPPC for approval.

ACTION: Motion made by Director Jellinek, seconded by Director Sessler, to forward the updated Conflict of Interest Code policy to the full board consent agenda for approval. Approved unanimously.

6.2. Compliance

6.2.1. **2015 Compliance Program 1st Quarter Report**

Jim Hook provided the Committee with a summary of 2015 Corporate Compliance Program 1st Quarter Report of compliance activities to meet its obligations that the Board be knowledgeable about the content and operation of the Compliance Program.

Discussion took place in response to community member, Gaylan Larson's, inquiry as to whether the Quality Matters Report was included for review in the compliance report being presented. Director Sessler shared that the Quality Matters report was reviewed at the March Governance Committee meeting and rolled up to the full Board at the March 31, 2015 BOD meeting for review.

The CEO made a recommendation to strike item 2.1.2.1.2 as there is no longer a Chief Operating Officer. It was further recommended to start using titles rather than individuals' names.

Mr. Hook provided a review of the recommended changes to the Corporate Compliance Program Policy. Discussion took place related to the policy; it was reported that the framework of the policy was fine and only required a few minor updates.

Discussion took place related to the process of approving AGOV policies. Recommendation made to bring the Corporate Compliance Program Policy to the Board as an agenda item for discussion and approval rather than through consent calendar.

ACTION: Motion made by Director Jellinek, seconded by Director Sessler, to forward the updated Corporate Compliance Program Policy to the full board for discussion and recommended approval. Approved unanimously.

Open session recessed at 12:14 p.m.

7. **CLOSED SESSION**

Discussion held on privileged matters

8. **OPEN SESSION**

Open Session reconvened at 12:38 p.m.

9. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION (continued)**

9.1. **Board Retreat Follow-up Items**

9.1.1. **Board Goals**

Committee reviewed and discussed identification of possible amendments/changes to stated goals.

Discussion took place regarding the eight board goals identified during the retreat. Suggestion made to have the committee make recommended amendments and present to the full Board for approval.

Discussion took place related to the goal pertaining to improved community relations. CEO recommends working with community member Rhonda Brooks who has expressed interest in helping to facilitate a meeting. Ms. Brooks will be responsible to invite attendees and recommended topics for discussion. It is the intent that these community meetings will provide an additional mechanism to identify important topics for inclusion on the Board agenda. The CEO will confirm the board member and location.

Community member, Gaylan Larson, addressed the committee to express dissatisfaction with the process of providing public comment.

Discussion took place regarding the Board's new practice of sitting in the café. Director Jellinek reported that feedback provided indicates that it is working for the community and staff.

Discussion took place related to the goal pertaining to Mission and Vision.

Community Member, Gaylan Larson, expressed his belief that the Mission and Vision should refer to whom the District serves. Director Sessler redirected the discussion back to the goal of identifying the process not the content.

Discussion took place related to conducting efficient board meetings.

Community Member, Gaylan Larson, indicated that the school district limits public comments to 30 minutes. Additional comments made by Mr. Larson pertaining to the Board and hospital needing to demonstrate an understanding of ethics.

Discussion took place regarding the Board finding a way to demonstrate to the community that the District is an ethical organization. It was noted that each person has their own definition of ethics. Director Jellinek expressed that if the public perceives the District's ethics are not equitable with their own, there is an issue; this would be a good topic for a community meeting discussion.

ACTION: Updated goals will be forwarded to the board for review and consideration.

9.1.2. **Policies:**

Review of policies was deferred to a future meeting to allow for more in depth review and discussion.

Items for consideration include:

- Updates to the Bylaws to allow for appointment officers of the Board following the election and prior to the first of the year.
- Placement of items on the agenda.
- Use of Consent Calendar

Recommendation made by Director Jellinek to table this discussion to the June meeting.

ACTION: Clerk of the Board will prepare a draft update to Bylaws for review at June meeting.

10. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

- Conflict of Interest Code
- Corporate Compliance Program Policy
- Board Goals

8. NEXT MEETING DATE

The next Governance Committee meeting will take place on May 13, 2015 at 12 noon.

9. ADJOURN

Meeting adjourned at 1:21 p.m.



Board Informational Report

By: Jim Hook
Compliance Consultant, The Fox Group

DATE: May 13, 2015

Compliance Committee Report of Audit Results

TFHS 2015 Corporate Compliance Workplan Audit

As part of the Monitor and Audit activities of the 2015 TFHS Corporate Compliance Program Work Plan, the Board of Directors requested an audit of the signatures on a sample of physician contracts presented from December 2014 through February 2015.

The Compliance Consultants completed an audit of 10 of the 21 physician contracts presented for approval by the Board of Directors in this time frame. The results of the audit were presented to the Compliance Committee at its meeting on April 29, 2015.

One hundred percent of the agreements were signed prior to the effective date, and 100% of files containing these agreements contained a Contract Routing form.

The Audit also revealed that there was spotty compliance with other forms that are contained in exhibits to the current Contract Review Policy, AGOV-10. These include:

- A New Contract Checklist,
- A Contract Summary Sheet, and
- An Annual Review Checklist.

Some or all of these forms are to be completed by the Director or Administrator submitting the contract for review and approval.

The Compliance Committee appointed a sub-committee of its members to review the Contract Review Policy and make recommendations on changes and updates, including updates or changes to the exhibits and forms required by the policy.

A summary of the audit results is attached.

Tahoe Forest Health System

Physician Contracts Audit

December 2014 - February 2015

	Name	Agreement	New Contract Checklist	Contract Summary Sheet	Annual Review Checklist	Contract Routing Form	Signatures Prior to Effective Date
1.	Scholnick	EKG Services	N/A	No	No	Yes	Yes
2.	Jensen	Rural PRIME Primary Care Community Project Site Director	No	No	N/A	Yes	Yes
3.	Cooper	MSC General Surgery	N/A	No	Yes	Yes	Yes
4.	Osgood	Ortho ED On call	N/A	No	No	Yes	Yes
5.	Conyers	Vice Chief of Staff	N/A	No	N/A	Yes	Yes
6.	Koch	Department Chair	Yes	No	N/A	Yes	Yes
7.	Osgood	Department Chair/Surgery	N/A	Yes	N/A	Yes	Yes
8.	Krause	Rural PRIME Site Medical Director	N/A	No	No	Yes	Yes
9.	Thompson	PSA Training and Education 2015	N/A	No	No	Yes	Yes
10.	Coll	PSA Training and Education 2015	N/A	No	No	Yes	Yes

2015 TFHD Board Goals DASHBOARD

	Stated Goal:	Tactic	Measurement	Owner	Status
1	Confirm a CEO within 12 months	A. The personnel committee will create a CEO search process plan	Commence on April 9	Personnel Committee	Done
			Communicate the plan/process	Board	Ongoing
		B. Personnel staff to establish CEO criteria with input from medical staff, employees, the community and Board (all stakeholder groups)		Personnel Committee	In Process
		C. Vet a search firm/negotiate contract		Personnel Committee	Done
2	Develop a Strong Partnership between the Board & CEO	A. Establish a formalized/systematic CEO review process	Commence on April 9	Personnel Committee	
		B. Friday Update provided to the Board by the CEO		CEO	
		C. No surprises –both directions		Board / CEO	
3	Ensure the Long-term Viability of the Hospital District	A. Board to be educated and understand the necessary business models for the future	CEO to provide education materials on a consistent basis	CEO	
4	Improve the Relationship between the Board, Hospital and the Community	A. Develop a plan to meet with small groups of concerned community members Rotating Board Director and CEO to provide a feedback/communication loop	Breakfast meeting approximately every six weeks	CEO	
			Establish an “ears open, mouth closed” approach	Board	
		B. Monthly Board Director/CEO rounding for staff		CEO	
		C. Board Directors to continue to engage in the community		Coordination with Ted and Paige	
5	Update the Mission and Vision Statements	A. Accelerate the visioning process. Have the Personnel Committee make a recommendation to the Board and include the visioning process as part of the CEO search.		Personnel Committee	
		B. CEO will determine best practices and make a recommendation to the Board.		CEO	
		C. Process will be completed prior to hiring a new CEO		Personnel Committee	
		D. Process will be collaborative with all stakeholders		Stakeholders	

2015 TFHD Board Goals DASHBOARD

	Stated Goal:	Tactic	Measurement	Owner	Status
6	Ensure Effective Compliance Program is a Priority of the Board	A. Work closely with Administration		Fox Group	2015 Plan Approved
		B. Quarterly update report to the Board from the CEO		Fox Group	1Q Done
		C. Review the consultant reports/recommendations		Fox Group	Pending
7	It is a Priority of the Board that TFHD Functions to the Highest Ethical Standards	A. Review current ethics policies		Governance Committee	
		B. Adopt the JUST Culture		Board / TFHD	
		C. Lead by example at the Board level		Board	
		D. Ongoing education		Governance Committee	
8	Limit regular, open-session, Board meetings to 3-4 hours, once a month	A. Limit presenters to 5 minutes		Board Chair	
		B. Develop a hard stop time limit (10:00 PM)		Board Chair	
		C. Move consent to the end of the agenda		Governance Committee/Board	
		D. No surprises		Board / CEO	

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

NEW CONTRACT <input checked="" type="checkbox"/>	AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Administration IVCH</u>		PRIMARY RESPONSIBLE PARTY: <u>Judy Newland, IVCH Admin</u> PHONE: <u>(530) 582-6268</u>	
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input type="checkbox"/> CFO <input type="checkbox"/> COO <input type="checkbox"/> CNO <input type="checkbox"/> CIO <input type="checkbox"/> IVCH <input checked="" type="checkbox"/>			
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input type="checkbox"/> YES <input checked="" type="checkbox"/>			MEETING DATE: <u>5/13/2015</u> GC COMMITTEE RECOMMENDATION:
CONTRACT TYPE/NAME:			
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>	Contract Name: <u>MacQuarrie dba NTEP Emergency Medical Services Agreement IVCH 2015</u>		
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>	Contract Name: _____		
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>	Contract Name: _____		
Other: _____ <input type="checkbox"/>	Contract Name: _____		
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>			
CONTRACT DETAILS: (additional information may be provided on Page 2)			
CONTRACTOR/ VENDOR NAME: <u>Michael MacQuarrie, MD dba NTEP</u>			
Purpose of the Contract/Alternatives: To provide prompt, courteous, and efficient emergency medical services to Incline Village Community Hospital. Alternative would leave IVCH without sufficient physician coverage in the Emergency Department to serve community needs.			
Scope of the Contract: - PHYSICIAN (or his designee) shall serve as the Medical Director of the Emergency Services Dept. - PHYSICIAN shall serve as the Medical Director of Respiratory Therapy Services at Incline Village. - PHYSICIAN shall provide emergency medical services to Incline Village personally and/or by having one or more Physician Associates available at the Emergency Dept. on a continuous, uninterrupted basis 24hours/day, 7 days/ week. - PHYSICIAN shall process, bill and collect charges for services rendered. - PHYSICIAN shall participate in educational programs and Community Wellness activities conducted by the DISTRICT and shall perform such other teaching functions as required to assist the DISTRICT's compliance with the Departments of Licensing and accrediting bodies. - PHYSICIAN shall be responsible for implementing, participating and in monitoring a Quality Assessment Program for the Services provided at IVCH.			
DATES OF CONTRACT:		EFFECTIVE DATE: <u>7/1/2015</u>	END DATE: <u>6/30/2018</u>
Version History:		Original Effective date: <u>7/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>N/A</u>	
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR			
Compensation Structure: Include "other comp" (i.e. education, phone stipend, etc.) <u>\$155 per hour for 8760/8784 hours per year, as applicable</u>			
Contract Term: (anything other than Net 30 requires AC approval) <u>Net 30</u>			
Total Cost of Contract:		<u>\$4,077,120.00 per 3 year term</u>	
Compensation Audit Process:		<u>See Policies AGOV-10 and ABD-21</u>	
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
If <u>NOT</u> budgeted or exceeds budgeted amount, identify the offset:		<u>N/A</u>	
TFHD Primary Responsible Party:		<u>Judy Newland, CNO</u>	
TFHD Secondary Responsible Party:		<u>Jake Dorst, Interim CEO/CIO</u>	

ORIGINATING DEPARTMENT: Administration IVCH	PRIMARY RESPONSIBLE PARTY: <u>Judy Newland, IVCH Administrator</u> Phone: <u>(530) 582-6268</u>
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CONTRACT NAME:
MacQuarrie_dba_NTEP_Emergency_Medical_Services_Agreement_IVCH_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with Michael MacQuarrie, dba NTEP , and I have determined (1) that the services to be provided by Michael MacQuarrie, dba NTEP under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and Michael MacQuarrie, dba NTEP to enter into, and makes commercial sense, even if no referrals were made by Michael MacQuarrie, dba NTEP to TFHD or any of its facilities."

Primary Responsible Party Signature: Judy Newland

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Contract Coordinator Signature: <u>[Signature]</u>
It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	<u>Michael MacQuarrie, MD dba NTEP</u>		
Mailing Address:	<u>P.O. Box 2484, Truckee, CA 96160</u>		
Telephone and Fax Number:	Phone:	Fax:	
Email Address of Contact:			

REQUIRED FINANCIAL INFORMATION
W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
(W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)

ADDITIONAL INFORMATION

This Agreement replaces a previous agreement between TFHD and Dr. MacQuarrie which was placed in holdover on January 1, 2015 pending FMV review and assessment of the physician compensation. This contract will fall out of holdover on June 30, 2015 leaving IVCH without sufficient emergency services coverage.

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review: _____ Date Initials CFO Review: _____ Date Initials	BOARD ACTION: _____	MEETING DATE: _____	
	Out for TFHD Signature: _____	Date: _____	Receive Date: _____
	Out for Vendor Signature: _____	Date: _____	Receive Date: _____
	Uploaded to Contracts System: _____	Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: David P. Henninger <DHENNINGER@HEALTH-LAW.COM>
Sent: Friday, May 08, 2015 12:19 PM
To: Hoffman, Ashly
Subject: RE: FMV & CR for Dr. MacQuarrie

Yes.

From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Friday, May 08, 2015 11:10 AM
To: David P. Henninger
Cc: Jasmin S. Niku
Subject: FMV & CR for Dr. MacQuarrie

Hi David,

Assuming that ECG has determined that the compensation being paid under Dr. MacQuarrie's Emergency Medical Services Agreement Incline Village Community Hospital is consistent with fair market value as defined in the Stark law's regulations, 42 C.F.R. Section 411.357, further assuming that ECG's determination is accurate in all respects, and further assuming that the attached certification as to commercial reasonableness from a TFHD administrator is true and accurate in all respects, is the compensation under the Agreement consistent with fair market value and commercially reasonable for all relevant purposes under the Stark law?

Ashly M. Hoffman
Contracts Coordinator
ahoffman@tfhd.com



P.O. Box 759
Truckee, CA 96160
(530) 582-6384 tel.
(530) 582-3567 fax
www.tfhd.com

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Hoffman, Ashly

From: Klein, Adam J. <AKlein@ecgmc.com>
Sent: Tuesday, May 05, 2015 10:44 AM
To: Hoffman, Ashly
Cc: 'David P. Henninger'; Poluhina, Nadia A
Subject: RE: FMV for Dr. MacQuarrie

These payment terms fit within the FMV opinion we have provided you.

Adam Klein

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
aklein@ecgmc.com | ecgmc.com

Read Jennifer Gingrass' article, [Changing the Channel: Strategies for Expanding Patient Access](#), in the April issue of hfm Magazine.

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From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Tuesday, May 05, 2015 10:16 AM
To: Klein, Adam J.
Cc: 'David P. Henninger'; Poluhina, Nadia A
Subject: FMV for Dr. MacQuarrie

Hi Adam,

I just wanted to make sure that the FMV analysis is up to date with the new approved contract we received back from HLB for Dr. MacQuarrie's Emergency Services. I've attached the new contract to this email along with the revised FMV which Nadia had sent us last week. The hourly rate for Dr. MacQuarrie is being offered at \$155/hour based upon this FMV report. Please let me know if we are within FMV for this new contract. Thank you!

Ashly M. Hoffman
Contracts Coordinator
ahoffman@tfhd.com



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**TAHOE FOREST HOSPITAL DISTRICT
EMERGENCY MEDICAL SERVICES AGREEMENT
INCLINE VILLAGE COMMUNITY HOSPITAL**

This Tahoe Forest Hospital District Emergency Medical Services Agreement – Incline Village Community Hospital (“Agreement”) is made and entered into as of July 1, 2015 (“Effective Date”) by and between TAHOE FOREST HOSPITAL DISTRICT, a California Hospital District organized and operating under the California Health Care District Law and doing business as Tahoe Forest Hospital, (hereinafter referred to as “DISTRICT”), and MICHAEL B. MACQUARRIE, M.D., doing business as NORTH TAHOE EMERGENCY PHYSICIAN’S MEDICAL CORPORATION (hereinafter referred to as “PHYSICIAN”).

RECITALS

WHEREAS, DISTRICT is the owner and operator of Incline Village Community Hospital, a critical access hospital located at 880 Alder Avenue, Incline Village, NV 89451 and a subsidiary of Tahoe Forest Hospital District, a critical access hospital located at 10121 Pine Avenue, Truckee, CA, 96160 which operates and provides healthcare services from two primary locations: Tahoe Forest Hospital in Truckee, California and Incline Village Community Hospital in Incline Village, Nevada; and

WHEREAS, Incline Village Community Hospital is a four-bed critical access hospital located in Incline Village, Nevada providing, among other services, medical, surgical and emergency medical care services (“Incline Village”); and

WHEREAS, Incline Village is committed to providing high quality medical care and related health services necessary to accommodate the needs of the various communities which they serve, and Incline Village is licensed to provide Emergency Medical Services on a twenty-four hour per day basis (hereinafter referred to as “Services”); and

WHEREAS, DISTRICT desires to contract with a qualified provider, i.e., PHYSICIAN, for providing all physician coverage and medical direction of the Services at Incline Village; and

WHEREAS, PHYSICIAN is Board Certified or eligible in Emergency Medicine and licensed to practice medicine in the States of California and Nevada, with his principal place of business in Truckee, California; and

WHEREAS, PHYSICIAN has experience in the operation of emergency departments, including the rendering of emergency and urgent healthcare Services; and

WHEREAS, PHYSICIAN desires to provide medical direction and physician staffing for Incline Village; and

WHEREAS, DISTRICT and PHYSICIAN wish to comply with all the relevant federal and state law.

NOW, therefore, in consideration of the foregoing and the mutual promises and obligations contained herein, DISTRICT and PHYSICIAN agree as follows:

1. PHYSICIAN'S QUALIFICATIONS

1.1. Associate Physicians. PHYSICIAN shall have the right to secure the Services of physicians and their temporary replacements (hereinafter collectively referred to as "Physician Associates") to enable PHYSICIAN to perform its obligations under this Agreement; provided, however, that securing the Services of any particular Physician Associate shall be subject to the express prior approval of District, which may be given or withheld in DISTRICT's reasonable discretion. PHYSICIAN shall provide DISTRICT with a list of all Physician Associates on or prior to the Effective Date, and shall promptly provide DISTRICT with an updated list as necessary to reflect any changes. PHYSICIAN shall be the sole party to this Agreement and Physician Associates shall look only to PHYSICIAN for setting and administering the terms and conditions of their individual contracts with PHYSICIAN. PHYSICIAN shall have the sole authority and responsibility to contract, supervise and discharge Physician Associates. Supervision and imposition of sanctions as to Physician Associates' performance may be exercised by DISTRICT's Medical Staff as otherwise provided in this Agreement and/or the DISTRICT Medical Staff Bylaws and General Rules and Regulations.

1.2. Physician Qualifications. PHYSICIAN hereby represents and warrants as follows that, during the term of this Agreement, PHYSICIAN and each Physician Associate, as applicable, has and shall maintain on an unrestricted basis:

1.2.1 Valid and unrestricted license to practice medicine in the state of Nevada;

1.2.2 Membership in good standing on DISTRICT's medical staff (the "Medical Staff") and appropriate clinical privileges at Incline Village to provide the Services;

1.2.3 Federal Drug Enforcement Agency registration, and any other certifications, registrations and approvals from any other applicable federal or state agency necessary to prescribe and dispense drugs under applicable federal and state laws and regulations, in each case without restriction;

1.2.4 Professional liability insurance as set forth in Article 6;

1.2.5 Certified or eligible for certification by the American Boards of Emergency Medicine, Internal Medicine, Pediatrics or Family Practice, or the equivalent Osteopathic Board for each (or as otherwise required or agreed to by the Medical Staff);

1.2.6 Participation in good standing in the Federal Medicare and California Medi-Cal programs. For purposes of this Section 1.2.6, "good standing" shall mean, without limitation, that PHYSICIAN or a Physician Associate shall not have been: (i) excluded or suspended from participation in any federal or state health care program, including Medicare, Medi-Cal or CHAMPUS/Tricare; (ii) received a Criminal Conviction related to the delivery of health care services or to the neglect

or abuse of patients; (iii) suspended, excluded, debarred or sanctioned under any other federal program, including the Food and Drug Administration, the National Institutes of Health, the Department of Defense or the Department of Veterans Affairs; or (iv) for any other reason placed on the Office of Inspector General and/or General Services Administration sanction lists.

For purposes of this Agreement, a "Criminal Conviction" shall mean: (i) a judgment of conviction that has been entered against PHYSICIAN or a Physician Associate by a federal, state or local court, regardless of whether there is an appeal pending or whether the judgment of conviction or other record relating to criminal conduct has been expunged; (ii) a finding of guilt against PHYSICIAN or Physician Associate that has been accepted by a federal, state or local court; (iii) a plea of nolo contendere by PHYSICIAN or Physician Associate that has been accepted by a federal, state or local court; or (iv) the entering into participation in a first offender, deferred adjudication or other arrangement or program where judgment of conviction has been withheld.

1.3 Notification. PHYSICIAN shall notify DISTRICT of any material change in status with respect to Physician's or any Physician Associate's compliance with Section 1.2, including, without limitation, the imposition of any integrity agreement, consent decree or settlement agreement with any state or federal agency having jurisdiction over PHYSICIAN's or a Physician Associate's practice. PHYSICIAN shall notify DISTRICT if any professional liability claim or action against PHYSICIAN or a Physician Associate is pending, settled or goes to judgment. Physician shall also notify DISTRICT of the commencement or pendency of any action, proceeding, investigation or disciplinary proceeding against or involving PHYSICIAN or any Physician Associate, including without limitation, investigation or disciplinary action by a hospital or other health care facility medical staff.

1.4 Representations and Warranties by Physician. PHYSICIAN represents and warrants, as to PHYSICIAN and each Physician Associate, that: (a) PHYSICIAN's or any Physician Associate's license to practice medicine in any state has never been suspended, revoked or restricted; (b) PHYSICIAN or any Physician Associate has never been reprimanded, sanctioned or disciplined by any licensing board or medical specialty board; (c) PHYSICIAN or any Physician Associate has never been excluded or suspended from participation in, or sanctioned by, any state or federally funded health care program; (d) PHYSICIAN or Physician Associate has never been denied membership and/or reappointment to the medical staff of any hospital or health care facility; (e) PHYSICIAN's or any Physician Associate's medical staff membership or clinical privileges at any hospital or health care facility have never been suspended, limited or revoked for a medical disciplinary cause or reason; and (f) PHYSICIAN or any Physician Associate has never been charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, controlled substances, or moral turpitude, or any crime relevant to the provision of medical services or the practice of medicine.

2. PHYSICIAN'S OBLIGATIONS

2.1. Physician As Medical Director. During the term of the Agreement, PHYSICIAN (or his designee, subject to the DISTRICT Chief Executive Officer's approval) shall serve as the Medical Director of the Emergency Services Department at facility and shall perform the duties and obligations set forth hereinafter and such additional duties and obligations as set forth in Exhibit A attached hereto and made a part hereof. Further, PHYSICIAN shall serve as the Medical Director of Respiratory Therapy Services at Incline Village.

2.2. Coverage. PHYSICIAN shall provide Services to Incline Village personally and/or by having one or more Physician Associates available at the Emergency Department as provided for in this Agreement on a continuous, uninterrupted basis twenty-four (24) hours each day, seven (7) days each week for the duration of the term of this Agreement. The purpose of this Agreement is to make prompt, courteous and efficient emergency treatment available to the community at all times. Therefore PHYSICIAN, while retaining the discretionary right to determine how many Physician Associates should be in attendance to properly perform PHYSICIAN's duties under this Agreement, agrees to adhere to the precept that all patients seeking medical treatment in the Emergency Department shall receive emergency care, regardless of the patient's ability to pay. PHYSICIAN and DISTRICT recognize the seasonal nature of the demand made on establishing a schedule for adequate physician coverage of the Department during peak periods of such demand. Such schedule shall assure that no Physician Associate shall be required to work more than twenty-four (24) consecutive hours, followed by a rest period of not less than eight (8) hours. PHYSICIAN and Physician Associates, as applicable, will provide any and all needed medical treatment to patients seeking medical treatment in the Emergency Department. In addition, PHYSICIAN and Physician Associates are required to comply with the Emergency Medical Treatment and Active Labor Act ("EMTALA"). Therefore, PHYSICIAN shall ensure that Physician Associates comply with EMTALA, including but not limited to providing a proper medical screening to each patient presenting at the DISTRICT with an emergency medical condition, pursuant to EMTALA. PHYSICIAN and Physician Associates shall not turn away a patient or postpone a patient's treatment if DISTRICT has the capability of treating such patient at the time the patient presents to the DISTRICT and shall comply with all provisions of EMTALA related to transfers of patients.

2.3. Prompt And Courteous Service. PHYSICIAN and Physician Associates understand the importance of good patient relationships and agree to make prompt, courteous and professional emergency treatment available to the community at all times during the Emergency Department's operations in order to serve the best interests of patients and the DISTRICT. Services are to be provided without regard to the patients ability to pay.

2.4. Quality Assessment. PHYSICIAN shall be responsible for implementing, participating and in monitoring a Quality Assessment Program for the Services provided at facility to ensure that the quality, safety and appropriateness of healthcare Services are monitored and evaluated, and that appropriate actions based upon findings are taken to promote quality care.

The Quality Assessment Program shall be integrated into the DISTRICT-wide Quality Assessment Program. Information from customer satisfaction surveys shall be incorporated into the Quality Assessment process. PHYSICIAN shall ensure that the objectives, scope, organization and effectiveness of the activities to assess and improve quality are evaluated at least annually and revised as necessary.

- 2.5. Managed Care Contracts.** PHYSICIAN agrees to cooperate with DISTRICT in an effort to obtain consistency in DISTRICT hospital contracts and physician services contracts. PHYSICIAN will make a good faith effort to review and enter into such contracts as DISTRICT believes is necessary to benefit the DISTRICT. DISTRICT agrees to consult with PHYSICIAN regarding any arrangement with third parties that may modify the professional fee schedule or impact the reimbursement for professional services rendered by PHYSICIAN. PHYSICIAN agrees in principle that PHYSICIAN shall accept discounts through managed care agreements wherein such discount required of PHYSICIAN is less than or equal to the discount to which DISTRICT agrees.
- 2.6. Other Medical Services.** PHYSICIAN agrees to render emergency medical treatment to any and all DISTRICT employees who sustain job-related injuries or illness while on the premises of DISTRICT. Compensation for such treatment shall be in accordance with PHYSICIAN's usual and customary fee schedule. In the event that inpatients of the DISTRICT require emergency care, and the attending staff physician is not available properly to provide such care, the PHYSICIAN or Physician Associates on duty shall, unless their Services are more urgently required in the Emergency Department, undertake to provide emergency medical Services to such patients on a fee-for-service basis.
- 2.7. Community Wellness and Educational Programs.** The PHYSICIAN shall participate from time to time, as may reasonably be required, in educational programs and Community Wellness activities conducted by the DISTRICT and shall perform such other teaching functions as required to assist the DISTRICT's compliance with the Departments of Licensing and accrediting bodies. Educational or Community Wellness activities may include, but are not limited to, community educational programs, DISTRICT-sponsored health fairs, health screening events or other community outreach activities sponsored by the DISTRICT.
- 2.8. Prohibition Of Private Practice.** The Emergency Department shall not be used by PHYSICIAN or Physician Associates to conduct the practice of medicine for private patients.
- 2.9. Covenant Not To Compete.** As a material inducement for the DISTRICT to enter into this Agreement, PHYSICIAN agrees that during the term of this Agreement and any renewal hereof:
- 2.9.1.** PHYSICIAN will not enter into any Agreement or arrangement with any other hospital to provide similar professional services without the prior written consent of the DISTRICT; and

2.9.2. PHYSICIAN and/or Physician Associates will not directly or indirectly own, operate, manage, be employed by or be contracted with any non-DISTRICT based entity or organization which provides similar and/or competitive services within the District and/or the service areas of DISTRICT's hospitals, without the prior written consent of the DISTRICT Chief Executive Officer.

2.10. Patient Billing. PHYSICIAN shall be responsible for the processing, billing and collection of charges for Services of PHYSICIAN and Physician Associates from patients and third party payors, and all cash receipts arising from such Services shall accrue to the sole benefit of DISTRICT. Physician Associates will look solely to PHYSICIAN for compensation, and PHYSICIAN shall be solely responsible to compensate Physician Associates. DISTRICT has no obligation to compensate PHYSICIAN for the Services provided other than payment to Physician pursuant to Section 4.

2.11. Nonsolicitation. PHYSICIAN agrees that during the term of this Agreement and for a period of one (1) year following the termination or expiration of this Agreement, PHYSICIAN shall not induce, nor attempt to induce, any employee of DISTRICT to terminate his or her employment with DISTRICT, provided that PHYSICIAN may employ those who respond to advertisements prepared and placed in the ordinary course of business.

2.12. Compliance. PHYSICIAN agrees to comply with the provisions set forth with Exhibit B, attached hereto and made a part hereof.

3. DISTRICT'S OBLIGATIONS

3.1. Resources. DISTRICT shall provide the Emergency Departments with adequate space, equipment, supplies and non-physician support personnel suitable for the provision of Services to DISTRICT's patients and shall furnish telephone service, utilities, linen, housekeeping services and DISTRICT forms necessary for the proper functioning of the Emergency Department.

3.2. Non-Physician Personnel. DISTRICT shall provide the services of nurses, aides, clerks and other non-physician personnel as may be mutually agreed to be necessary for the efficient operation of the Emergency Department. Such personnel shall be under the supervision of the registered nurse designated as the Manager of the Emergency Departments by DISTRICT, and all such non-physician employees shall be subject to the rules, regulations and policies established for employees of DISTRICT. PHYSICIAN shall be allowed to consult as necessary with DISTRICT's administrative staff regarding the performance and qualifications of DISTRICT employees assigned to the Emergency Departments.

4. BILLING AND COMPENSATION

4.1. Compensation. DISTRICT shall compensate PHYSICIAN for Services provided in the Emergency Department of Incline Village at a rate of One Hundred and Fifty-five Dollars (\$155.00) per hour for on-duty coverage by PHYSICIAN or Physician Associates. PHYSICIAN will provide the DISTRICT with (i) the previous month's

hours of on-duty coverage provided, and (ii) a statement of account, reflecting the amounts owed to PHYSICIAN for Services provided by PHYSICIAN and Physician Associates within the preceding month, within five (5) days after the end of each calendar month.

4.1.1. PHYSICIAN shall provide, or arrange for the provision of, all billing and collection services required with respect to all Services provided by PHYSICIAN and Physician Associates, and will take all necessary and reasonable steps to ensure that: (i) bills and claims are submitted to patients and third party payors as soon as reasonably possible after services are rendered; (ii) bills and claims are collected in a timely and reasonable commercial manner; (iii) reasonable and affirmative collection actions are taken with respect to bills and claims which are delinquent; and (iv) all collections from patients and payors are immediately recorded. PHYSICIAN shall remit to DISTRICT with the monthly statement of accounts all funds collected for Services rendered by Physician and Physician Associates during that month.

4.2. Administrative Services. DISTRICT shall not compensate PHYSICIAN for administrative services provided under this Agreement.

5. TERM AND TERMINATION

5.1. Term. This Agreement shall be effective as of the Effective Date, and shall continue for a period of three (3) year ending June 30th, 2018.

5.2. Termination. This Agreement may be terminated as follows:

5.2.1. DISTRICT may, at its option, either suspend its performance hereunder or terminate this Agreement for cause, upon one (1) day's written notice to PHYSICIAN under the following circumstances:

5.2.1.1. Any representation or warranty by PHYSICIAN provided in this Agreement is or becomes inaccurate during the term of this Agreement;

5.2.1.2. Revocation or suspension of the license of PHYSICIAN to practice medicine in the State of California and/or the State of Nevada;

5.2.1.3. Conviction of PHYSICIAN of any felony involving a crime of moral turpitude;

5.2.1.4. The conviction of PHYSICIAN of a criminal offense related to healthcare (unless such person or entity has implemented a corporate compliance program as part of a settlement with the federal or a state government);

5.2.1.5. The listing of PHYSICIAN by a federal or state agency as debarred, excluded or otherwise ineligible for federal program participation;

5.2.1.6. Revocation or curtailment of the staff privileges of PHYSICIAN at DISTRICT substantially affecting the ability of PHYSICIAN to perform the conditions of this Agreement;

5.2.1.7. Death or disability of PHYSICIAN rendering him incompetent to substantially perform the duties of this Agreement for more than sixty (60) days as determined by two (2) persons selected by the DISTRICT's Medical Staff who are licensed as physicians in the state of California, at least one (1) of whom shall not be affiliated with the DISTRICT. This Agreement shall continue in effect during pendency of any dispute about disability;

5.2.1.8. Failure of PHYSICIAN to maintain in force the medical malpractice insurance required by the terms of this Agreement;

5.2.1.9. If PHYSICIAN fails to comply, or diligently pursue compliance, with any terms and conditions of this Agreement within a cure period of thirty (30) days after the DISTRICT's notice to PHYSICIAN of occurrence of such event; and

5.2.1.10. If PHYSICIAN breaches any other term, covenant or condition of this Agreement.

5.2.2. Either party may terminate this Agreement without cause upon sixty (60) days' written notice to the other party. DISTRICT may, at its option, either suspend its performance hereunder or terminate this Agreement for cause under the circumstances identified in sections 5.2.1, upon one (1) day's written notice to the PHYSICIAN.

5.3. Effects of Expiration or Termination.

5.3.1 In the event that this Agreement is terminated as provided for in Section 5.2.1, all rights of PHYSICIAN to the balance of the compensation for the Services shall end as of the effective date of such termination and DISTRICT shall distribute to PHYSICIAN such balance on or before the tenth (10th) day following such effective date of termination.

5.3.2 Upon expiration or termination of this Agreement, no party shall have any further obligation hereunder except for obligations occurring prior to the date of termination and obligations, promises or covenants contained herein that expressly extend beyond the term of this Agreement; provided, however, that PHYSICIAN agrees to maintain continuity of care to any patient consistent with existing medical ethical and legal requirements.

5.3.3 In the event of termination of this Agreement, PHYSICIAN shall vacate the DISTRICT premises used for the providing of Services pursuant to this Agreement on the effective date of the termination, removing at such time any and all of their

personal property, including all equipment owned by PHYSICIAN. Any personal property that is not so removed, may be removed and stored by DISTRICT at PHYSICIAN's expense, put to some other use by DISTRICT, discarded or destroyed.

5.4. Coordination With Medical Staff Membership. Termination of this Agreement for any reason or for no reason is not subject to and does not entitle PHYSICIAN to any notice, hearing, or appeal rights under the DISTRICT or its Medical Staff Bylaws, or under applicable federal or state law, unless such termination results from an action for which a report is required to be filed under Section 805 of the California Business and Professions Code. Termination of this Agreement will cause PHYSICIAN to lose the right to provide the Services delineated under this Agreement but would not affect the PHYSICIAN's or the Physician Associates' Medical Staff membership and privileges.

6. INSURANCE AND INDEMNIFICATION

6.1. PHYSICIAN shall maintain at his sole cost and expense, and either maintain on behalf of Physician Associates at his sole cost and expense or require that each Physician Associate maintains at his or her sole cost and expense, professional liability insurance from a professional liability insurer which is authorized to transact the business of insurance in the States of California and Nevada to protect against any occurrence or incident arising out of, or in connection with, the performance of Services by the PHYSICIAN or Physician Associates at DISTRICT in the minimum amounts of \$1,000,000 per occurrence, \$3,000,000 aggregate. Said insurance shall provide that DISTRICT shall receive not less than thirty (30) days written notice of cancellation or reduction in coverage. PHYSICIAN shall provide to DISTRICT appropriate Certificates of Insurance or other satisfactory evidence of required coverage at least annually, with DISTRICT endorsed as named insured, if possible, for both the PHYSICIAN and all Physician Associates.

6.2. In the event PHYSICIAN fails to obtain or maintain insurance required hereunder, DISTRICT at its option, may procure and/or renew such insurance to the account of PHYSICIAN. If DISTRICT does so procure and/or renew such insurance, PHYSICIAN shall reimburse DISTRICT for the cost thereof within thirty (30) days after written notice of such action is given by DISTRICT to PHYSICIAN.

6.3. PHYSICIAN hereby agrees, and shall require each and every Physician Associate to agree, to defend, indemnify and hold DISTRICT, including DISTRICT's physicians, officers, agents, and employees, harmless from and against any and all liability, losses, damages, claims, causes of action, costs or other expenses (including reasonable attorney's fees), which directly or indirectly arise out of the performance of duties hereunder by PHYSICIAN and/or Physician Associates except which arise as a result of the sole negligence of DISTRICT.

6.4. DISTRICT hereby agrees to defend, indemnify and hold PHYSICIAN and each Physician Associates harmless from and against any and all liability, losses, damages, claims, causes of action, costs or expenses (including reasonable

attorney's fees) which directly or indirectly arise out of the performance hereunder by DISTRICT and its employees except which arise as a result of the sole negligence of PHYSICIAN and/or Physician Associates.

7. **NOTICES.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed given at the time it is deposited in the United States Mail, postage pre-paid, certified or registered mail, return receipt requested, addressed to the party at its address as follows (or at such other address as may be set forth in a notice given pursuant to this paragraph):

DISTRICT:

Tahoe Forest Hospital District
P.O. Box 759
Truckee, California 96160
Attn: Chief Executive Officer

PHYSICIAN:

North Tahoe Emergency Physician's Medical Group
P.O. Box 2484
Truckee, California 96160
Attn: Michael B. MacQuarrie, M.D.

8. **GENERAL PROVISIONS**

8.1. Legislative Limitations. Notwithstanding any other provision of this Agreement, if the governmental agencies (or their representatives) which administer Medicare or MediCal, or any other payer or any other federal, state or local government or agency pass, issue or promulgate any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect which prohibits, restricts, limits or in any way changes the method or amount of reimbursement or payment for Services rendered from this Agreement, or which otherwise affects either party's rights or obligations hereunder, either party may give the other notice of intent to amend this Agreement ("Notice") to the satisfaction of the noticing party to account for such a prohibition, restriction, limitation or change. If this Agreement is not so amended in writing within thirty (30) days after said Notice was given, this Agreement shall terminate as of midnight on the thirtieth day after said Notice was given.

8.2. Independent Contractor. All Services of PHYSICIAN under this Agreement are provided as those of an independent contractor engaged in the practice of medicine, and not as agent nor employee of DISTRICT. Similarly, DISTRICT is neither an agent nor employee of PHYSICIAN for any purpose. The sole interest and responsibility of DISTRICT is that of the result and not the manner in which the Services are provided. All Services provided by PHYSICIAN under this Agreement shall be performed in a competent, efficient and satisfactory manner.

8.3. Screening of Personnel. It is the policy of DISTRICT not to knowingly contract with any person or entity who has been convicted of a criminal offense related to healthcare. PHYSICIAN hereby agrees to submit to the necessary background

checks to ensure compliance with DISTRICT's policy stated above. PHYSICIAN further agrees to require and conduct the necessary background checks on his employees, Physician Associates, agents, affiliates and independent contractors who will provide healthcare Services in connection with this Agreement.

8.4. Amendments. This Agreement contains the entire understanding between the parties hereto and supersedes any and all prior agreement, undertakings and arrangements between the parties relating to the subject matter hereof. No amendment, change, modification or alteration of the terms and conditions hereof shall be binding unless evidenced by a written agreement signed by all parties hereto.

8.5. Captions. The captions or paragraphs and subparagraphs of this Agreement are for reference only and not be construed in any way as part of this Agreement.

8.6. Assignment. PHYSICIAN shall not assign or otherwise transfer this Agreement, or any interest therein, without the prior written consent of DISTRICT.

8.7. Attorney's Fees. In the event of any legal proceeding, including but not limited to mediation and arbitration, by either party to enforce or defend its rights under this Agreement, the prevailing party, in addition to all other relief awarded by the mediator, arbitrator or the court, shall be entitled to reasonable attorney's fees.

8.8. Disputes. Should any dispute arise between PHYSICIAN and DISTRICT concerning the terms of this Agreement, PHYSICIAN and DISTRICT shall meet and attempt to amicably resolve the dispute ("Informal Resolution"). Such, meeting shall be held no later than ten (10) days after one party receives written notice from the other stating the existence of the dispute, describing the nature of the same, and presenting proposed resolution to the dispute. This Agreement shall remain in effect during the pendency of the resolution of any dispute, unless it expires or is terminated pursuant to provision 5.2 (Term and Termination). If attempts at Informal Resolution are unsuccessful, a dispute shall be handled as follows:

8.8.1. Professional Component of Medical Care. A dispute related to the quality of the professional component of medical care shall be handled in accordance with the Medical Staff Bylaws or as the parties may otherwise mutually agree.

8.8.2. Other Disputes. In the event of disagreement or dispute between the parties arising out of or connected with this Agreement which cannot be adjusted by and between the parties involved, the disputed matter shall be resolved as follows:

8.8.2.1. Mediation. The parties waive their rights under the laws of the State of California and the Constitution of the United States to file a court action in connection with any dispute or claim arising out of this contract or any resulting transaction. The parties further agree to mediate any dispute or claim arising between them out of this contract or any resulting transaction before resorting to arbitration. Mediation fees, if any, shall be divided equally among the parties involved. If any party commences an arbitration

or court action based on a dispute or claim to which this paragraph applies without first attempting to resolve the matter through mediation, then that party shall not be entitled to recover attorney's fees, even if they would otherwise be available to that party in any such arbitration or court action, to the extent permitted by law.

8.8.2.2. Arbitration. The Parties agree that any dispute or claim in law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration and not by court action. The arbitration shall be conducted by a retired judge or justice, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgement upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05.

8.9. Governing Laws. This Agreement shall be construed under the laws of the State of California, with venue for any action in Nevada County.

8.10. Interpretation. No provision of this Agreement shall be interpreted for or against any party because that party or that party's legal representative drafted the provision.

8.11. Waiver. The failure of DISTRICT to exercise or enforce any right conferred upon it hereunder shall not be deemed to be a waiver of any such right nor operate to bar the exercise or performance thereof at any time or times thereafter, nor shall a waiver of any rights hereunder at any given time be deemed a waiver thereof for any other time.

8.12. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

8.13. Force Majeure. No party to this Agreement shall be liable for failure to perform any duty or obligation that said party may have under this Agreement when such failure has been occasioned by an act of God, fire, strike, inevitable accident, war or any cause outside the reasonable control of the party who had the duty to perform.

8.14. Successors. This Agreement shall be binding upon successors or assigns of DISTRICT, and upon the successors or assigns of PHYSICIAN which have been approved in writing by DISTRICT.

8.15. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. The parties agree that facsimile or

electronic .PDF copies of signatures on this Agreement shall constitute originals for all purposes hereof.

8.16. No Third Party Beneficiary Rights. The parties do not intend to confer and this Agreement shall not be construed to confer any rights or benefits to any person, firm, group, corporation or entity other than the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of the Effective Date.

“**DISTRICT,**” Tahoe Forest Hospital District

By: _____
Jake Dorst, Interim Chief Executive Officer

Date: _____

“**PHYSICIAN,**” North Tahoe Emergency Physician’s Medical Corp. (NTEP)

By: Michael MacQuarrie
Michael MacQuarrie, M.D.

Date: 5/5/15

Title: Director Emergency Services / Pres. NTEP

EXHIBIT A
MEDICAL DIRECTOR OF EMERGENCY SERVICES

PHYSICIAN serves as Medical Director of Emergency Services at Incline Village with responsibilities that shall include the following and other responsibilities which may from time to time be deemed necessary and mutually agreed upon:

1. ADMINISTRATION: Responsible for medical administration of the Emergency Department at Incline Village.
2. MANAGEMENT: Provide recommendations to the Incline Village administration and Emergency Department Nursing Managers regarding the budget, the use of facility personnel, the necessary equipment and general quality standards of patient care.
3. EDUCATION: Provide medical supervision of the required continuing education and in service instruction for the facilities medical and nursing staff as needed to maintain certification.
4. LIAISON: Provide general assistance as necessary and mutually agreed upon to DISTRICT administration and medical staff in connection with any issues relevant to the Emergency Departments operation.
5. QUALITY ASSURANCE: Supervise the review of patient charts at Incline Village to evaluate professional care and the adequacy of documentation and quality. Work closely with all Emergency Department personnel, including physicians, to solve interdepartmental problems.
6. PEER REVIEW: Participate in DISTRICT peer review activities and evaluate complaints from the public or professional staff. Become intricately involved with solving patient and public misunderstandings regarding the Emergency Department at Incline Village.
7. RECOMMENDATIONS: Review and make recommendations as necessary to revise the departmental policies and procedures and assist the appropriate medical staff committee in reviewing and revising medical staff rules and regulations which pertain to the Emergency Departments.
8. SUPERVISION: Monitor and evaluate the quality, safety and appropriateness of emergency patient care. Take appropriate actions based on findings to promote quality patient care.
9. REPRESENTATION: Represent the interests of Incline Village locally and at regional meetings regarding operation of the pre-hospital Advanced Life Support Programs and DISTRICT's Emergency Services.

EXHIBIT B

MEDICAL DIRECTOR OF EMERGENCY SERVICES COMPLIANCE PROVISIONS

The following provisions are agreed to by the parties and are incorporated by reference into the Agreement. Any conflict between the language of this exhibit and the body of the Agreement shall be resolved in favor of this Exhibit B unless such a result would specifically violate applicable federal or state law. The applicable provisions are as follows.

1. Physician Obligations to District.

1.1 Physician shall indemnify, defend and hold District harmless from and against any and all claims for wages, salaries, benefits, taxes, and all other withholdings and charges payable to, or in respect to, Physician and Physician Associates, for services provided under this Agreement, and any other personnel employed or contracted by Physician, whether or not providing services under this Agreement.

1.2 Physician shall be solely responsible for the satisfaction of any and all obligations it assumes with respect to any and all Physician Associates, shareholders, partners, associates, employees or contractors it retains, employees or contractors with to assist in its performance of this Agreement. Such obligations shall include, but not be limited to, payment of all federal and state withholding taxes applicable to employees, compliance with federal and state wage-hour (including overtime), workers' compensation, or unemployment insurance obligations, and other applicable taxes and contributions to government-mandated employment related insurance and similar programs, if any. At the request of District, Physician shall provide District with certificates or other evidence satisfactory to District that Physician has complied with such requirements.

2. Medical Records and Claims. Physician shall complete a medical record to be timely prepared for each Emergency Department patient. This record shall be made on forms provided by District. Physician shall maintain its financial books and records, and shall complete all medical records and charts, in accordance with industry standards, and in compliance with all State and Federal laws and regulations, the regulations and requirements of the voluntary professional facility accrediting institutions in which District participates, and the Medical Staff Bylaws and General Rules and Regulations. Physician shall maintain (with the exception of medical records which shall be maintained by District) and provide all such books, records and charts to patients and District, and to State and Federal agencies, including without limitation the California Department of Business Oversight, as may be necessary for Physician and/or District to comply with applicable State, Federal, and local laws and regulations and with contracts between District and third-party payors. Physician and each of its Physician Associates shall cooperate with District in completion of such claim forms for Department patients as may be required by insurance carriers, health care service plans, governmental agencies, or other payors. Physician shall retain its records and information for at least seven (7) years after the termination of this Agreement. Physician shall cooperate with District in completion of such claim forms for patients as may be required by insurance carriers, health care service plans, governmental agencies, or other payors.

3. Physician Responsible for Performance. Physician shall assure that each Physician Associate shall comply with the duties and obligations of Physician hereunder.

4. Removal of Physician Associates. Upon request by District, Physician shall remove from service under this Agreement any Physician Associate under the following circumstances:

4.1 District determines that Physician Associate has engaged in conduct that jeopardizes the health, safety, or welfare of any person, or the District's reputation;

4.2 Physician Associate fails to meet any of the qualifications or requirements, or representations and warranties, specified in the Agreement applicable to Physician Associate;

4.3 Physician Associate has his or her Medical Staff membership, Medical Staff clinical privileges, or license to practice medicine terminated (whether voluntarily or involuntarily), restricted or suspended;

4.4 Physician Associate is convicted of any crime punishable as a felony;

4.5 Physician Associate fails to maintain professional liability insurance as required by this Agreement;

4.6 Physician Associate fails to meet any of the requirements or performance standards set forth in this Exhibit B or to comply with any of the terms or conditions of this Agreement after being given notice of that failure and a reasonable opportunity to comply; or

4.7 Physician Associate is excluded from participation in any state or federal health care program, including without limitation, the Federal Medicare and California Medicaid programs.

Notwithstanding the foregoing, no removal shall occur under Section 4.1 or Section 4.6 in the event Physician and Physician Associate, within ten (10) days of District's notice to Physician of Physician Associate's failure to meet or perform any of the requirements of Section 4.1 or Section 4.6, cure such failure as reasonably determined by District.

If removal of a Physician Associate is for medical disciplinary cause or reason, then such matter shall be referred to the Medical Staff for such actions, investigations or procedures as may be required under the Medical Staff Bylaws; provided, however, any removal of a Physician Associate for any other reason shall be in accordance with Section 5.4 of the Agreement.

5. Confidentiality.

5.1 The parties agree that the terms and conditions of this Agreement, including its financial terms, are confidential. Accordingly, each party agrees not to disclose to any other person or entity, any term or condition of this Agreement, or of any other agreement referred to in this Agreement, or of any transaction contemplated by this Agreement, except with the prior written consent of the other party.

5.2 Physician acknowledges that in connection with its performance under this Agreement, Physician may or will have access to and the use of confidential information and trade secrets (the "Confidential Information") of District related to the Emergency Department and its operations which include, but are not limited to, financial statements, internal memoranda, reports, patient lists, and other materials or records of a proprietary nature. In order to protect the Confidential Information, Physician agrees that neither it nor any of its Physician Associates will, from and after the effective date of this Agreement and for so long as any such Confidential Information remains confidential, secret or otherwise wholly or partially protectable, including beyond the expiration or termination of the Agreement, use such information (except in connection with the performance of duties hereunder) or divulge the Confidential Information to any third party, without first obtaining the prior written consent of District, except as required by law or as otherwise required by a court of competent jurisdiction.

5.3 Any and all patient records and charts produced as a result of either party's performance under this Agreement shall be and remain the property of District. Both during and after the term of this Agreement, Physician, or its agents, shall be permitted to inspect and/or duplicate, at Physician's expense, any individual patient chart or record to the extent necessary to meet its professional responsibilities to such patient(s) and/or to assist in the defense of any malpractice or similar claim to which such chart or record may be pertinent, to assist in the defense of an audit by governmental tax authorities, or to assist in Physician's billing and collection for Services, provided that such inspection or duplication is permitted and conducted in accordance with the applicable legal requirements and pursuant to commonly accepted standards of patient confidentiality. Notwithstanding the foregoing, Physician shall be solely responsible for maintaining patient confidentiality with respect to any information obtained by it or its agents pursuant to this Section, and shall comply with all confidentiality and nondisclosure requirements applicable to District, including without limitation, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") (Pub. L. 104-191, 45 C.F.R., Part 160, et seq.), the Confidentiality of Alcohol and Drug Abuse Patient Records Regulations (45 C.F.R. Part 2) and the Confidentiality of Medical Information Act (California Civil Code §56, et seq.), as amended from time to time. The foregoing obligations and requirements concerning patient confidentiality shall survive the expiration or other termination of this Agreement. Physician shall have adequate policies and procedures to ensure confidentiality of patient information, pursuant to applicable state and federal privacy laws.

6. Access to Physician Books and Records.

6.1 Physician shall, in connection with the subject of this Agreement, cooperate fully with District, by, among other things, maintaining and making available all necessary books, documents and records, in order to assure that District will be able to meet all requirements for participation and payment associated with public or private third party payment programs, including matters covered by Section 1861(v)(1)(I) of the Social Security Act, as amended.

6.2 For the purpose of implementing Section 1861(v)(1)(I) of the Social Security Act, and any written regulations thereto, Physician shall comply with the following statutory requirements governing the maintenance of documentation to verify the cost of services rendered under this Agreement:

6.2.1. until the expiration of four (4) years after the furnishing of services pursuant to the Agreement, Physician shall make available to the Secretary of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, upon written request of any of them, this Agreement, and all books, documents and records that are necessary to certify the nature and extent of the cost of services hereunder, and

6.2.2. if Physician carries out any of the duties of this Agreement through a subcontract with a value or cost of \$10,000 or more over a twelve month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request to the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

6.3 If Physician is requested to disclose books, documents or records pursuant to this Section, Physician shall notify District of the nature and scope of such request and Physician shall make available, upon written request of District, all such books, documents or records, during regular business hours of Physician.

6.4 This Section pertains solely to the maintenance and disclosure of specified records and shall have no effect on the right of the parties to this Agreement to make assignments or delegations.

7. Compliance with Laws.

7.1 District and Medical Staff; Compliance Plan; Laws and Regulations. Physician and each Physician Associate, respectively, shall comply with (a) District policies, procedures and rules, including without limitation District's compliance plan and compliance program, and Medical Staff Bylaws and General Rules and Regulations, (b) federal, state and local laws, rules and regulations, including without limitation all hospital and professional licensure and reimbursement laws, rules, regulations and policies including without limitation the federal Emergency Medical Treatment and Active Labor Act ("EMTALA") and Section 1317 et seq. of the California Health and Safety Code, (c) all standards and recommendations of voluntary credentialing bodies and the American College of Emergency Physicians, (d) the ethical and professional standards of the Healthcare Facilities Accreditation Program ("HFAP"), and (e) all other governmental laws and authorities relating to licensure and practice of the Services in hospitals as any of the above may be in effect from time to time, as are applicable to Physician's duties and obligations hereunder.

7.2 Non-Discrimination. Physician and each Physician shall not differentiate or discriminate in the provision of Services due to race, color, national origin, ancestry, religion, sex, marital status, sexual orientation, age, medical condition, medical history, genetics, evidence of insurability, claims history or ability to pay, in violation of any applicable state, including without limitation Section 1317 et. seq. of the California Health and Safety Code, federal or local law or regulation, or District rules with respect to such matters. In this regard, and not by way of limitation to any other provision hereof, Physician

shall comply with the Age Discrimination Act of 1975 and the Americans with Disabilities Act, as amended, and all regulations issued pursuant thereto applicable to Physician's services under this Agreement. Physician and District shall be in full compliance with Section 504 of the Rehabilitation Act of 1973 and Titles VI and VII of the 1964 Civil Rights Act, and all regulations issued pursuant thereto, as may be amended from time to time.

7.3 Knox-Keene. Physician agrees to comply with the Knox-Keene Health Care Services Plan Act of 1975, as amended, and all regulations issued pursuant thereto, applicable to Physician's performance of Services and all other services under this Agreement; Physician agrees that in no event, including, but not limited to nonpayment by District or the insolvency of payors or breach of any contracts, shall Physician bill, charge, collect deposit from, seek compensation, remuneration, or reimbursement from or have any recourse against a patient or other persons or entities other than District for services which are required to be compensated by District under the terms of a Knox-Keene plan. Nothing contained herein shall prohibit Physician from collecting any coinsurance, co-payment or deductible or collecting from patients who may be enrolled in a Knox-Keene Plan with which Physician is not contracted, or, if Physician is contracted, any amounts required to be collected under such contract.

7.4 No Requirement for Referrals. Nothing in this Agreement or in any other written or oral agreement between District and Physician, nor any consideration offered or paid in connection with this Agreement, contemplates or requires the admission or referral of any patient to District. This Agreement is not intended to influence Physician's or any Physician's judgment in choosing the medical facility appropriate for the proper care and treatment of Physician's patients.

7.5 Compliance with Law. Physician acknowledges that Physician and Physician Associates are subject to and must comply with certain federal and state laws governing referral of patients, as may be in effect or amended from time to time, including:

7.5.1. Payments for referral or to induce the referral of patients (Cal. Business and Professions Code Section 650; Cal. Labor Code Section 3215; and the Medicare/Medicaid Fraud and Abuse Law, Section 1128B of the Social Security Act, and the regulations promulgated thereunder); and

7.5.2. The referral of patients by a physician for certain designated health care services to an entity with which the physician (or his immediate family) has a financial relationship (Cal. Labor Code Sections 139.3 and 139.31, applicable to referrals for workers' compensation services; Cal. Business and Professions Code Section 650.01 and 650.02 applicable to all other patient referrals within the State of California); and Section 1877 of the Social Security Act, applicable to referrals of Medicare and Medicaid patients).

7.6 Changes in Laws. In the event there are any changes in (a) federal, state or local laws, rules or regulations or the interpretation or application thereof, including the laws, rules or regulations applicable to (i) the Medicare, Medicaid or other governmental health care programs, (ii) fraud and abuse or payment for patient referrals, (iii) an organization exempt from federal and state income or franchise taxes, or (iv) an organization qualifying for the welfare exemption or any other applicable exemption from property taxes, (v) the accreditation standards or recommendations of HFAP, or (vi) private

health or hospital care insurance programs or policies, any of which may have a material impact on the operations of District or the performance of this Agreement, District may elect to renegotiate this Agreement by giving written notice thereof to Physician. As part of such notice, District shall indicate the basis upon which it has determined that such a material impact on its operations may result. In any case where such notice is provided, both parties shall negotiate in good faith during the thirty (30) day period after the date the written notice is given to Physician in an effort to develop a revised Agreement, which, to the extent reasonably practicable, will adequately protect the interest of both parties in light for the changes which constituted the basis for the exercise of this provision.

7.7 Disclosure of Interest. In order to permit compliance with the federal statutes and regulations commonly known as Stark (42 U.S.C. Section 1395nn), as those statutes and regulations may be amended from time to time, Physician shall provide to District upon execution of this Agreement with information sufficient to disclose any ownership, investment or compensation interest or arrangement for Physician, Physician Associates, or any of Physician's or a Physician Associate's immediate family member, in any entity providing "designated health services", as that term is defined in the statutes and regulations. This provision is not intended to reallocate any disclosure or reporting requirements imposed upon Physician or Physician Associates under any governmental program to District, or to create an assumption of such disclosure obligations on the part of District, and Physician acknowledges that Physician and Physician Associates shall have the sole responsibility to fulfill any such federal and/or state reporting requirements. In addition, Physician shall immediately inform District of any other arrangements that may present a conflict of interest or materially interfere with Physician's or a Physician Associate's performance of its duties under this Agreement. District may exercise its right to terminate this Agreement under Section 5 if Physician or a Physician Associate pursues or engages in conduct that does constitute a conflict of interest or that materially interferes with (or is reasonably anticipated to materially interfere with) Physician's or a Physician Associate's performance under this Agreement.

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

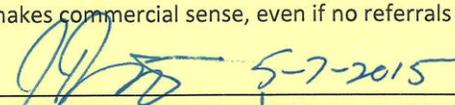
NEW CONTRACT <input checked="" type="checkbox"/>		AMEND SCOPE <input type="checkbox"/>	AMEND TERM <input type="checkbox"/>	AUTO RENEW <input type="checkbox"/>
ORIGINATING DEPARTMENT: <u>Administration</u>		PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u>		
		PHONE: <u>530-582-6650</u>		
RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO <input checked="" type="checkbox"/> CFO <input type="checkbox"/> COO <input type="checkbox"/> CNO <input type="checkbox"/> CIO <input type="checkbox"/> IVCH <input type="checkbox"/>				
SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO <input type="checkbox"/> YES <input checked="" type="checkbox"/>				MEETING DATE: <u>May 13, 2015</u>
				GC COMMITTEE RECOMENDATION:
CONTRACT TYPE/NAME:				
Physician Professional Service Agreement (P-PSA) <input checked="" type="checkbox"/>		Contract Name: <u>North_Tahoe_Orthopedics_Orthopedic_Call_Coverage_Agreement_2015</u>		
Physician Medical Director Agreement (P-MDA) <input type="checkbox"/>		Contract Name: _____		
Vendor Professional Service Agreement (V-PSA) <input type="checkbox"/>		Contract Name: _____		
Other: _____ <input type="checkbox"/>		Contract Name: _____		
❖ Business Associated Agreement Required? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>				
CONTRACT DETAILS: (additional information may be provided on Page 2)				
CONTRACTOR/ VENDOR NAME:		<u>North Tahoe Orthopedics</u>		
Purpose of the Contract/Alternatives:				
District seeks to assure appropriate orthopedic call coverage to meet the needs of the community by contracting with North Tahoe Orthopedics for such services.				
Scope of the Contract:				
Medical Group shall provide Hospital with a list of the Physicians who are scheduled to provide on call coverage; and shall cause Physicians within their practice who will be working under this Agreement to:				
<ul style="list-style-type: none"> - Provide orthopedic call coverage to the District for all TFHD patients; - Be available for such specific Coverage Periods designated in advance on the District's calendar; - Be continuously reachable by telephone and available to come to Facility to provide on-call services during any scheduled Coverage Period; - Comport with requisite Response Time Obligations of District; - Refrain from scheduling elective surgeries which would interfere with Physician's Response Time Obligation; - Prepare clear documentation in the medical record of all patient services provided; - Arrange back-up coverage, if Physician is unable to meet the call responsibilities during a scheduled Coverage Period; - Comply with all applicable provisions of the District's Bylaws. 				
DATES OF CONTRACT:		EFFECTIVE DATE: <u>7/1/2015</u>	END DATE: <u>6/30/2018</u>	
Version History:		Original Effective date: <u>7/1/2015</u> Renewal Dates: <u>N/A</u> Amendment Dates: <u>N/A</u>		
PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR				
Compensation Structure: Include "other comp" (i.e. education, phone stipend, etc.) <u>\$1100/hr Base Compensation; \$1500/hr Tiered Compensation; \$1650/hr Holiday Compensation</u>				
Contract Term: (anything other than Net 30 requires AC approval) <u>Net 30</u>				
Total Cost of Contract:		<u>Aproximately \$406,450 per year (\$1,219,350.00 per three year term)</u>		
Compensation Audit Process:		<u>See Policies AGOV-10 and ABD-21</u>		
Is Cost of Contract Budgeted?		YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		
If NOT budgeted or exceeds budgeted amount, identify the offset:				
TFHD Primary Responsible Party:		<u>Jake Dorst, Interim CEO</u>		
TFHD Secondary Responsible Party:		<u>Jake Dorst, Interim CEO</u>		

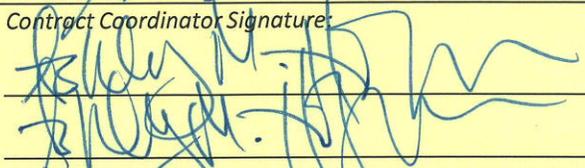
ORIGINATING DEPARTMENT: Administration	PRIMARY RESPONSIBLE PARTY: <u>Jake Dorst</u> Phone: <u>530-582-6650</u>
--	--

CONTRACT NAME:
North_Tahoe_Orthopedics_Orthopedic_Call_Coverage_Agreement 2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with **North Tahoe Orthopedics**, and I have determined (1) that the services to be provided by **North Tahoe Orthopedics** under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and **North Tahoe Orthopedics** to enter into, and makes commercial sense, even if no referrals were made by **North Tahoe Orthopedics** to TFHD or any of its facilities."

Primary Responsible Party Signature:  5-7-2015

It has been determined that the above contract is Commercially Reasonable - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/> It has been determined that the above contract does not exceed Fair Market Value - Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Contract Coordinator Signature: <u></u>
---	---

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	<u>North Tahoe Orthopedics</u>		
Mailing Address:	<u>10051 Lake Avenue, Suite 3, Truckee, CA 96161</u>		
Telephone and Fax Number:	Phone: <u>530-587-7461</u>	Fax:	
Email Address of Contact:			

REQUIRED FINANCIAL INFORMATION
*W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract
 (W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)*

ADDITIONAL INFORMATION

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review:	BOARD ACTION: _____	MEETING DATE: _____
_____ Date _____ Initials	Out for TFHD Signature: _____ Date: _____	Receive Date: _____
CFO Review:	Out for Vendor Signature: _____ Date: _____	Receive Date: _____
_____ Date _____ Initials	Uploaded to Contracts System: _____ Date: _____	Trigger dates set: YES <input type="checkbox"/> NO <input type="checkbox"/>

Hoffman, Ashly

From: Poluhina, Nadia A <NPoluhina@ecgmc.com>
Sent: Friday, April 24, 2015 9:41 AM
To: Hoffman, Ashly
Subject: RE: FMV and CR

Hi Ashly,

Please see my comments below.

Thank you,

Nadia Poluhina

ECG Management Consultants
P 858-436-3220 F 858-436-3221
11512 El Camino Real, Suite 200 San Diego, CA 92130
npoluhina@ecgmc.com | ecgmc.com

Read Jennifer Gingrass' article, [Changing the Channel: Strategies for Expanding Patient Access](#), in the April issue of hfm Magazine.

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From: Hoffman, Ashly [mailto:AHoffman@TFHD.COM]
Sent: Thursday, April 23, 2015 6:30 PM
To: Poluhina, Nadia A
Subject: FMV and CR

Nadia,

I wanted to check in with you regarding the Fair Market Value and Commercial Reasonableness of the attached contracts for the following physicians:

TF2020 contracts:

- Matthew Gustaffson - does not exceed FMV and is CR. Let me know if you need to know the high and low range.
- Reini Jensen - ECG has reviewed the contract for Dr. Jensen in the course of our review of other contracts. It was deemed not to exceed FMV and be commercially reasonable.
- Chris Arth - ECG has reviewed the contract for Dr. Arth in the course of our review of other contracts. It was deemed not to exceed FMV and be commercially reasonable.

Orthopedic Call contract:

- North Tahoe Orthopedics (Patrick Osgood, John Foley, Jeffrey Dodd) – orthopedic call contract was reviewed individually for each of the three physicians and was found not to exceed FMV and be commercially reasonable.

Medical Director for the Cancer Center:

- Ahrin Koppel - does not exceed FMV and is CR. Let me know if you need to know the high and low range.

Retention Agreement:

- Scott Samelson - does not exceed FMV and is CR.

Recruitment Agreement:

- Andrew Ringnes - does not exceed FMV and is CR.

Please let me know if these contracts are within FMV and CR? Thank you!

Ashly M. Hoffman

Contracts Coordinator

ahoffman@tfhd.com



P.O. Box 759

Truckee, CA 96160

(530) 582-6384 tel.

(530) 582-3567 fax

www.tfhd.com

TAHOE FOREST HOSPITAL

ORTHOPEDIC CALL COVERAGE AGREEMENT

This ORTHOPEDIC CALL COVERAGE AGREEMENT (“**Agreement**”) is made and entered into, and shall be effective, as of July 1, 2015 (“**Effective Date**”) by and between Tahoe Forest Hospital District, a California local healthcare district, doing business as Tahoe Forest Hospital (“**Hospital**”) and North Tahoe Orthopedics, a California Medical Partnership, (“**Medical Group**”).

RECITALS

A. Hospital owns and operates an acute care hospital located at 10121 Pine Avenue, Truckee, California, (“**Facility**”). Hospital is obligated by law to maintain an on-call panel to cover the Emergency Department at the Facility (“**Emergency Department**”), and desires to assure appropriate physician coverage for other Facility departments as necessary to meet the needs of Facility’s patients.

B. Because of Hospital’s mission and because of the significant number of uninsured patients who are treated by Hospital, physicians who provide call coverage for the Emergency Department and other departments of the Facility often receive no payment for their services when they treat Facility patients pursuant to call coverage obligation.

C. Medical Group provides medical services through physician(s) licensed to practice medicine in the State of California. Medical Group is experienced in the organization and delivery of services in the medical specialty of orthopedics (the “**Specialty**”). Medical Group employs or contracts with certain physicians licensed to practice medicine in California to

provide services under this Agreement (each, a “**Physician**”, collectively, “**Physicians**”), as set forth on Exhibit A attached hereto, as may be amended from time to time. Each Physician shall acknowledge that he/she is bound by the terms and conditions of this Agreement by signing the signature page attached hereto.

Medical Group shall cause each Physician rendering services under this Agreement, from and after the Effective Date, to be and remain a member of the Medical Staff of Facility and be willing and able to provide on-call coverage in the Specialty.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, and other valuable consideration, the parties agree as follows:

ARTICLE I

CALL COVERAGE SERVICES

1.1. Call Coverage Services.

(a) During the term of this Agreement, except as otherwise provided below, Medical Group shall cause Physicians to provide call coverage to the Hospital in the Specialty for all Facility patients, including Emergency Department patients, and any requests for EMTALA (as defined below) compliance-required transfers of patients to Facility from emergency departments of other hospitals where such transfers require Specialty evaluation, treatment, consultation, or admission, in accordance with the Emergency Department’s monthly specialty on call calendar, and in accordance with the Facility’s Medical Staff Bylaws, Rules/Regulations, clinical protocols and policies/procedures (collectively, the “**Bylaws**”). Under no circumstances will Medical Group, or any Physician be required to provide

professional services that are outside the scope of the specified clinical privileges contained herein.

(b) In providing patient care services in response to a request from Hospital during a Coverage Period (as defined in Section 1.1(d)(ii) herein) under this Agreement, Medical Group shall cause each Physician to comply with all applicable nondiscrimination laws and all laws, regulations, rules and guidelines applicable to the provision of emergency services at the Facility, including without limitation: (a) California Health & Safety Code Section 1317.3, which requires that physicians not refuse to provide emergency care and services to patients on the basis of race, ethnicity, religion, national origin, citizenship, age, sex, preexisting medical condition, physical or mental handicap, insurance status, economic status, or ability to pay for medical services, except to the extent that a circumstance such as age, sex, preexisting medical condition, or physical or mental handicap is medically significant to the provision of appropriate medical care to the patient; (b) the federal Emergency Medical Treatment and Active Labor Act (“**EMTALA**”); and (c) the Bylaws. Physicians shall provide the Specialty Services (as defined in Section 1.1(d)(ii)) required herein as may be medically necessary, and at an appropriate level and standard of care.

(c) Medical Group shall provide Hospital with a proposed list of the Physicians who are scheduled to provide on call coverage in the Specialty in the Emergency Department. Medical Group shall provide Hospital said list for specific Coverage Periods (as defined below) designated in advance on the Hospital’s monthly specialty on call calendar; this proposed list may be subject to modification by Hospital. Such list shall be provided to Hospital at least fifteen (15) days before the first day of each month in which Physicians will provide on call coverage pursuant to this Agreement. Any modifications made by Hospital must be

provided to Medical Group at least ten (10) days before the first day of each month in which Medical Group's Physicians will provide on call coverage pursuant to this Agreement.

(d) Medical Group shall cause each of its Physicians working under this Agreement to provide call coverage at the Facility in accordance with the following requirements throughout the term of this Agreement. Each Physician shall:

(i) Provide on call coverage in the Specialty to the Emergency Department and be available for such specific Coverage Periods (as defined below) designated in advance on the Hospital's monthly specialty on call calendar;

(ii) Be continuously reachable by telephone and available to come to Facility to provide on-call services in the Specialty at the Facility ("**Specialty Services**") for each 24-hour period during which Physician is designated by Medical Group to provide Specialty Services coverage to the Facility (each a "**Coverage Period**");

(iii) Be available during each Coverage Period to be physically present at Facility within sixty (60) minutes of a request by the Facility's Medical Staff ("**Response Time Obligation**");

(iv) During any Coverage Period, Physician may not schedule elective surgery at Facility or at any other facility that would prevent Physician from meeting Physician's Response Time Obligation;

(v) Prepare clear documentation in the medical record of all patient services provided;

(vi) Arrange back-up coverage by a physician practicing in the Specialty if Physician is unable to meet the published on-call responsibilities during a Coverage Period, e.g., if Physician is ill or otherwise unable to serve all or a portion of a Coverage Period, Physician must make arrangements for another physician to assume his/her call obligations during the assigned Coverage Period; and

(vii) Comply with all applicable provisions of the Bylaws.

1.2. Physician's Qualifications. Medical Group represents and warrants that each Physician shall maintain on an unrestricted basis:

- (a) California licensure as a physician;
- (b) Membership in good standing on Facility's medical staff with appropriate clinical privileges in the Specialty at Facility;
- (c) Federal Drug Enforcement Administration ("DEA") registration;
- (d) Professional liability insurance as set forth in Section 5.1;
- (e) Participation in good standing in the federal Medicare and California Medi-Cal programs; and
- (f) Board certification in the Specialty.

ARTICLE II COMPENSATION

2.1. Compensation.

(a) For each full and complete Coverage Period during which a Physician serves on call pursuant to this Agreement, Hospital shall pay Medical Group according to the formula below:

(i) For Specialty Services rendered during the first eight (8) Coverage Periods in any given calendar month by the same Physician, Hospital shall pay Medical Group a fixed amount of ELEVEN HUNDRED DOLLARS (\$1,100.00) per Coverage Period, (“**Base Compensation**”).

(ii) For Specialty Services rendered after the first eight (8) Coverage Periods in any given calendar month by the same Physician, Hospital shall pay Medical Group a fixed amount of FIFTEEN HUNDRED DOLLARS (\$1,500.00) per Coverage Period, (“**Tiered Compensation**”).

(iii) Notwithstanding provisions 2.1(a)i and 2.1(a)ii above, for Specialty Services rendered by any Physician during any Coverage Period which falls on a holiday listed herein, Hospital shall pay Medical Group a fixed amount consisting of the Base Compensation (\$1,100.00) plus one half of that value (\$550.00), for a total of SIXTEEN HUNDRED AND FIFTY DOLLARS (\$1,650.00) per Coverage Period (“**Holiday Compensation**”). Holidays eligible for Holiday Compensation are as follows: New Year’s Day, President’s Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day, Christmas Eve Day, Christmas Day, and New Year’s Eve Day. For the avoidance of doubt, any Coverage Period which falls on a holiday listed herein shall count as one of the first eight (8) Coverage Periods in any given calendar month for such Physician, pursuant to provision 2.1(a)i above.

(iv) If Facility's Medical Staff, after consultation with the Chief of Staff (or his/her designee), concludes that any Physician failed to provide on-call services for any portion of his/her assigned Coverage Period (except as permitted pursuant to this Agreement), Medical Group shall forfeit the entire per diem payment for that scheduled Coverage Period.

(b) Funds for on-call reimbursement shall be administered by the Hospital. Payment will be made to Medical Group monthly based on the actual on call roster for the previous month as prepared by Facility's Medical Staff.

(c) Notwithstanding any other provision of this Agreement, Medical Group shall not be compensated for on-call services performed by a Physician during any period that such Physician is physically present at the Facility and performing services for which such Physician is compensated by Hospital, either directly or indirectly through the Medical Group or another medical group in which Physician practices (e.g. professional medical services, medical director services, consulting services, etc.)

2.2. Separate Billing. When a Physician responds to a request for call coverage during a Coverage Period and treats a Facility patient, Medical Group and Hospital shall separately bill Facility patients for Physician's and Hospital's respective fees and charges, and neither Medical Group nor Hospital shall bill for, guarantee the collectability of, or have any claim or interest in or to the amounts billed or collected by the other party.

2.3. Billing and Collection. Medical Group shall bill and collect for all Specialty Services provided to Facility patients in responding to Physicians' on call obligations hereunder in compliance with, and as permitted under, applicable federal and state laws, customary professional practices, the requirements of the Medicare and Medi-Cal Programs, and, as

applicable, other third party programs, whether public or private. Medical Group shall bill and collect for Specialty Services only where such billing is permitted by all applicable federal and state laws and regulations. Hospital shall have reasonable access to Medical Group's records in order to assure Medical Group's compliance with this Section 2.3. Medical Group shall promptly correct any billing errors documented by Hospital. Medical Group shall look solely to patients and third party payors for payment for Specialty Services under this Agreement. Hospital shall have no obligation or responsibility to, and shall not reimburse Medical Group for, any Specialty Services rendered hereunder.

2.4. Professional Services Fee Schedule. Medical Group shall maintain a fee schedule for Specialty Services that shall be in general accordance with customary fees in Facility's service area for comparable services. Medical Group shall make such fee schedule available to Hospital at Hospital's request.

ARTICLE III

RELATIONSHIP OF PARTIES

3.1. Independent Contractor. In the performance of this Agreement, Medical Group (and each Physician), is acting as an independent contractor, and shall not be considered employees of the Hospital or Facility. In no event shall this Agreement be construed as establishing a partnership or joint venture or similar relationship between the parties hereto, and nothing contained herein shall be construed to authorize either party to act as agent for the other. Medical Group shall be liable for its own debts, obligations, acts and omissions, including the payment of all withholding, social security and other taxes and benefits. As an independent contractor, Medical Group is responsible for filing such tax returns and for all such employment

taxes with respect to Medical Group as may be required by law or regulations. Medical Group shall not be subject to any Hospital or Facility policies solely applicable to the Hospital's or Facility's employees, and shall not be eligible for any employee benefit plan offered by Hospital or Facility. In the event that this independent contractor relationship is determined by tax authorities to constitute an employment relationship: (a) Medical Group hereby waives, for the period prior to the date such determination becomes final, any and all claims to coverage under any Hospital or Facility pension, profit sharing, health, dental, welfare or similar type plans which are generally limited to Hospital or Facility employees, unless otherwise agreed by Hospital or Facility in writing; and (b) Medical Group shall reimburse Hospital or Facility for any and all sums expended by Hospital or Facility related to taxes, employee benefits or other employment-related matters (including reasonable attorneys' fee) with ten (10) days of remittance to Medical Group for reimbursement.

ARTICLE IV

TERM AND TERMINATION

4.1. Term. The term of this Agreement shall be thirty-six (36) months commencing as of the Effective Date, and continuing until June 30, 2018.

4.2. Termination Without Cause. Hospital and Medical Group shall each have the right to terminate this Agreement, without cause, upon giving not less than ninety (90) days' prior written notice to the other party.

4.3. Termination With Cause. Hospital shall have the right to terminate this Agreement for breach of any term hereof by Medical Group which is not cured by Medical Group within thirty (30) calendar days after written notice of said breach.

4.4. Immediate Termination by Hospital. Notwithstanding Sections 4.2 and 4.3, above, Hospital shall have the right, but not the obligation, to terminate this Agreement immediately upon notice to Medical Group, in the event of the occurrence of any of the following events:

(a) Medical Group, or any Physician is excluded, suspended, terminated, or otherwise determined to be ineligible from participation in any state or federally funded healthcare program (each, a “**Government Program Exclusion**”);

(b) Any Physician’s license to practice medicine in any state is restricted, suspended or revoked, without regard to whether such adverse action has been fully adjudicated;

(c) Any Physician’s medical staff privileges at Facility or any other health care facility is restricted suspended or revoked, without regard to whether such adverse action has been fully adjudicated;

(d) Any Physician’s federal Drug Enforcement Administration (DEA) number is restricted, suspended or revoked, without regard to whether such adverse action had been fully adjudicated;

(e) Medical Group, or any Physician, engages in conduct which is reasonably determined by the Hospital to be contrary to the Facility’s Bylaws, rules, regulations, code of conduct, policies or procedures, all as may be amended from time-to-time by Hospital (collectively, “**Rules**”);

(f) Medical Group, or any Physician, engages in conduct which is reasonably determined by Hospital to be prejudicial or adverse to the best interests, reputation or welfare of Facility or its patients;

(g) Medical Group, or any Physician, is investigated for or convicted of a criminal offense relating to health care, or is investigated or convicted of any felony or any other crime involving moral turpitude or immoral conduct;

(h) The termination of Medical Group's professional corporation, or the inability of Medical Group to provide services pursuant to this Agreement for a period in excess of thirty (30) days, whether consecutive or not, during the term hereof, for any reason other than absence approved by Hospital in advance;

(i) Hospital enters into an agreement for the sale, assignment, lease or other transfer of all or substantially all of the assets of Facility to another person or entity;

(j) Hospital suffers an appointment of a receiver, custodian, examiner or a trustee for any of its property or assets; or

(k) Failure of Medical Group to comply with the insurance requirements of Section 5.1 of this Agreement.

4.5. Legal Requirements. In the event that either party's legal counsel advises such party that this Agreement, or any activities which could be, or are, engaged in by either party in exercising rights or discharging obligations under this Agreement, pose a material risk of violating any of the legal requirements imposed on or otherwise governing the performance of this Agreement, or limits or otherwise affects either party's ability to refer patients to or order

services from the other party, including without limitation any federal or state anti-kickback or physician self-referral laws, regulations, or guidelines, such party shall promptly notify the other party of such advice. The parties in good faith shall undertake to revise this Agreement to comply with such legal requirements. In the event that the parties are unable to agree upon the revised terms within fifteen (15) days after such notice of advice is received by the other party, then either party may terminate this Agreement immediately upon giving written notice to the other party.

4.6. Effect of Termination.

(a) Upon the expiration or termination of this Agreement, neither party hereto shall have any further obligation hereunder except for (i) obligations due and owing which arose prior to the date of expiration or termination and (ii) obligations, promises or covenants contained in this Agreement which expressly extend beyond the term hereof.

(b) Upon the expiration or termination of this Agreement, Medical Group shall promptly deliver and return to Hospital all of Hospital's property, including without limitation all of Hospital's supplies, patient records, and all materials, records and writings of any type (including all copies thereof) in his possession that constitute proprietary information and/or property owned by Hospital.

(c) Notwithstanding anything in this Agreement to the contrary, in the event of any termination of this Agreement effective during the initial twelve (12) months of its term, the parties hereto shall not enter into the same or substantially the same arrangement during such initial twelve (12) month period; provided, however, the parties shall not be prohibited from renegotiating this Agreement if the Hospital determines that such renegotiation is not prohibited

by applicable federal or state statutes and regulations, including without limitation the federal anti-kickback statute set forth at 42 U.S.C. Section 1320a-7b, the federal physician self-referral prohibition set forth at 42 U.S.C. Section 1395nn, or similar state laws.

(d) Termination of this Agreement for any reason or for no reason is not subject to and does not entitle Medical Group to any notice, hearing, or appeal rights under the Facility or its Bylaws, or under applicable federal or state law, unless such termination results from an action for which a report is required to be filed under Section 805 of the California Business and Professions Code. Notwithstanding the foregoing, upon the expiration or termination of this Agreement, neither party hereto shall have any obligation hereunder except for (i) obligations due and owing which arose prior to the date of expiration or termination and (ii) obligations, promises or covenants contained in this Agreement which expressly extend beyond the term hereof.

ARTICLE V

INSURANCE AND INDEMNIFICATION

5.1. Insurance. During the term of this Agreement, Medical Group, on behalf of each Physician providing Specialty Services under this Agreement, shall maintain, at Medical Group's sole cost and expense, professional liability insurance in the minimum amounts of One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) annual aggregate from a reputable insurance company approved by Hospital or as otherwise required by the Bylaws. Medical Group agrees to provide proof of such coverage upon the reasonable request of Hospital. Medical Group shall provide Hospital with a statement from the insurance company that the Hospital shall be notified at least thirty (30) days prior to any change to or cancellation

of such insurance coverage. If the coverage is on a claims-made basis, Medical Group hereby agrees that not less than thirty (30) days prior to the effective date of termination by Medical Group of Medical Group's insurance coverages by Medical Group's current insurance company, Medical Group shall purchase, (1) tail or retroactive coverage in the above-stated amounts for all claims arising out of incidents occurring prior to termination of coverage by Medical Group's current carrier; and (2) provide Hospital with a certificate of such coverage.

5.2. Indemnification. Medical Group shall defend, indemnify, and hold harmless Hospital, its officers, employees, agents and affiliated entities from and against all losses, expenses, including attorneys' fees, damages, and liabilities of any kind incurred by Hospital (collectively, the "**Claims**") resulting from or arising out of Medical Group's, or any Physician's performance hereunder, which are caused or claimed to be caused by the negligent or willful acts or omissions of Medical Group, its officers, employees, agents, subcontractors, or anyone directly or indirectly employed by them, a Physician, or any other person or persons under Medical Group's direction and control; provided however, that Medical Group shall not have responsibility to indemnify, protect and hold Hospital or Facility harmless from and against any Claim occurring through the negligence of Hospital or Facility or any of Hospital's employees or agents.

5.3. This Article V shall survive the expiration or earlier termination of this Agreement.

ARTICLE VI

HOSPITAL AND FACILITY NAMES AND MARKS

Medical Group shall not use the name, logos, symbols, service marks or trademarks of Hospital or Facility and/or any facility owned by Hospital (collectively, the “**Names and Marks**”) without the prior written consent of Hospital. In this regard, the parties hereto mutually acknowledge and agree that all right, title and interest in and to any such Names and Marks shall be the exclusive property of Hospital. Notwithstanding anything in this Agreement to the contrary, Medical Group shall have no claim whatsoever regarding the use or ownership of any such Names and Marks.

ARTICLE VII

CONFIDENTIALITY

7.1. Proprietary Information. The parties hereto recognize that, due to the nature of this Agreement, Medical Group may have access to and knowledge of information of a confidential and proprietary nature owned by Hospital, including without limitation any and all form documents, any and all information relating to payor contracts and accounts, billing practices and procedures, any and all computer programs devised by or licensed to Hospital or Facility, any and all copyrights, inventions and other intellectual property, any and all operating manuals, any and all clinical studies and other research, customer and patient lists, and other materials or records that constitute or describe the systems, policies and procedures, methods of doing business, administrative, advertising or marketing techniques or work product, financial affairs and other similar information or property utilized in connection with the operation of Hospital’s or Facility’s business (collectively, “**Proprietary Information**”). Consequently,

Medical Group acknowledges and agrees that Hospital has a proprietary interest in all such Proprietary Information and that all such Proprietary Information constitutes confidential and proprietary information and the trade secret property of Hospital. Medical Group hereby expressly and knowingly waives any and all right, title and interest in and to such trade secrets and proprietary and confidential information included in Hospital's Proprietary Information.

7.2. Nondisclosure. During the term of this Agreement, neither Medical Group nor any Physician shall use or disclose to any other person or entity, other than authorized persons or entities engaged or employed by Hospital with an appropriate need to know, any Proprietary Information obtained from or otherwise owned by Hospital, without Hospital's prior written consent, except as otherwise required by law. After the expiration or other termination of this Agreement, neither Medical Group nor any Physician shall use or otherwise disclose to anyone any Proprietary Information obtained from or otherwise owned by Hospital, without Hospital's prior written consent, except as otherwise required by law. The parties hereto acknowledge and agree that the foregoing covenant is perpetual and shall survive the expiration or other termination of this Agreement.

7.3. Confidentiality of Agreement. The terms of this Agreement are confidential and shall not be disclosed, except as necessary to the performance of this Agreement or as required by law. Notwithstanding the foregoing, a party may disclose this Agreement to its lawyers, accountants and other professional advisors. The foregoing obligations and requirements concerning confidentiality of this Agreement shall survive the expiration or other termination of this Agreement.

7.4. Patient Records. Notwithstanding and in addition to the requirements set forth in Sections 7.2 and 7.3 above, Medical Group shall maintain and safeguard the confidentiality of all patient records, charts and other related patient information, generated in connection with the operation of the Facility, in accordance with all applicable federal and state statutes and related governmental regulations and with all other legal or contractual requirements imposed on Hospital or Facility, or Medical Group in connection therewith. In this regard, without limiting the generality or scope of the foregoing, Medical Group shall comply with the applicable provisions of the Health Insurance Portability and Accountability Act of 1996 (“**HIPAA**”), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (“**HITECH Act**”), and regulations promulgated thereunder by the U.S. Department of Health and Human Services (“**HIPAA Regulations**”), the California Confidentiality of Medical Information Act, and other applicable laws, including without limitation state patient privacy laws, as such laws may be amended from time to time. Medical Group covenants that it will not copy any portion of these records manually, electronically or otherwise, except in the case of medical necessity, or with Hospital’s prior written approval. The foregoing obligations and requirements concerning patient confidentiality shall survive the expiration or other termination of this Agreement.

7.5. Injunctive Relief. Medical Group specifically acknowledges and agrees that the restrictions set forth in this Article VII are reasonable and necessary to protect Hospital’s and Facility’s legitimate business interests. The parties hereto acknowledge that any violation of this Article VII would result in irreparable injury to Hospital, and that the remedy at law for monetary compensation resulting from any breach of this Article VII would be inadequate. Accordingly, in the event of any such breach by Medical Group, and in addition to any other

relief available to it, Hospital shall be entitled to temporary injunctive relief before arbitration or trial from any court of competent jurisdiction as a matter of course, upon the posting of not more than nominal bond, and to permanent injunctive relief without the necessity of proving actual damages. Medical Group also acknowledges and agrees that Hospital shall be entitled to an equitable accounting of all earnings, profits and other benefits arising from such breach and further agrees to pay the reasonable fees and expenses, including without limitation attorneys' fees, incurred by Hospital in enforcing the restrictions contained in this Article VII. In the event that the provisions contained in this Article VII shall be deemed to exceed any limitation permitted by applicable law, then such provisions shall be deemed reformed to the maximum extent permitted by applicable law.

7.6. Survival. The obligations of Medical Group pursuant to this Article VII shall survive the expiration or earlier termination of this Agreement.

ARTICLE VIII

ACCESS TO BOOKS AND RECORDS

8.1. Cooperation. Medical Group shall, in connection with the subject matter of this Agreement, cooperate fully with Hospital and Facility, by maintaining and making available all necessary books, documents and records, in order to assure that Hospital and Facility will be able to meet all requirements for participation in and payment associated with public or private third-party payment programs (e.g., the Medicare Program), including without limitation matters covered by Section 1861(v)(1)(I) of the Social Security Act, as amended.

8.2. Compliance. For the purpose of implementing Section 1861(v)(1)(I) of the Social Security Act, and any written regulations promulgated thereunder, Medical Group shall comply

with the following statutory requirements governing the maintenance of documentation to verify the cost of services rendered under this Agreement:

(a) Until the expiration of four (4) years after the furnishing of services pursuant to this Agreement, Medical Group shall make available to the Secretary of Health and Human Services or the Comptroller General of the United States, or their duly authorized representatives, upon written request of any of them, this Agreement, and all books, documents and records that are necessary to certify the nature and extent of the cost of such services, and

(b) If Medical Group carries out any of the duties of this Agreement through a subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of ten (10) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request, to the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

8.3. Notification. If Medical Group is requested to disclose books, documents or records pursuant to this Article VIII, Medical Group shall, unless otherwise constrained by law or applicable regulation of any governmental authority, notify Hospital and Facility of the nature and scope of such request and shall make available, upon the written request of Hospital, all such books, documents or records during the regular business hours of Medical Group.

ARTICLE IX

COMPLIANCE WITH LAWS

9.1. No Consideration for Referrals. Hospital and Medical Group hereby acknowledge and agree that: (a) nothing in this Agreement or in any other written or oral agreement between Hospital and Medical Group, nor any consideration offered or paid in connection with such agreements, contemplates or requires the admission or referral of any patient to the Facility; (b) no such agreements are intended to influence any Physician's judgment in choosing the medical facility appropriate for the proper care and treatment of Medical Group's patients; and (c) the overall value of the services and other consideration exchanged by and between Hospital and Medical Group pursuant to this Agreement are substantially equivalent, and the consideration paid by Hospital hereunder does not exceed the fair market value of Medical Group's services hereunder.

9.2. Specific Laws. Each party acknowledges, and is hereby bound by, the obligation of such party to comply with applicable federal and state laws governing referral of patients, as may be in effect or amended from time-to-time, including without limitation:

(a) Payments for referral or to induce the referral of patients (California Business and Professions Code Section 650; California Labor Code Section 3215; and the Medicare/Medicaid Fraud and Abuse Law, Section 1128B of the Social Security Act and the regulations promulgated thereunder); and

(b) The referral of patients by a physician for certain designated health services to any entity with which the physician (or his/her immediate family) has a financial relationship (California Labor Code Sections 139.3 and 139.31, applicable to referrals for

workers' compensation services; California Business and Professions Code Sections 650.01 and 650.02, applicable to all other patient referrals within the State of California; and Section 1877 of the Social Security Act, applicable to referrals of Medicare patients, and the regulations promulgated thereunder).

ARTICLE X

ADDITIONAL REPRESENTATIONS

10.1. Representations and Obligations of Medical Group. Medical Group represents, warrants, and covenants to Hospital that upon execution and throughout the term of this Agreement:

(a) Medical Group and each Physician shall comply with all applicable federal, state and local laws, related governmental regulations and accrediting standards governing or otherwise concerning any and all of Medical Group's business operations as well as the business operations of Hospital or Facility, including without limitation all licensure, reimbursement, anti-kickback, and self-referral statutes, regulations and standards.

(b) Neither Medical Group, nor any Physician, has been excluded, terminated, suspended or otherwise restricted from participation in any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or by any equivalent or coordinating federal or state governmental agencies.

(c) Medical Group and each Physician shall fully comply with the Bylaws and all applicable Rules and otherwise fully cooperate with Hospital in the performance of this Agreement during the term hereof.

(d) Each Physician is currently, and for the duration of the term hereof shall remain at all times, duly licensed and/or authorized to practice medicine in the State of California, is duly qualified to render specialized professional medical services in the Specialty and is in good standing with the Medical Board of California.

(e) Each Physician is currently a member in good standing of Facility's medical staff, with clinical privileges in the Specialty.

(f) Each Physician has a Federal DEA license without restriction.

(g) No Physician's license to practice medicine in the State of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way.

(h) No Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction.

(i) Neither Medical Group, nor any of the Physicians, is the subject of an investigatory, disciplinary or other proceeding or action before any governmental, professional, medical staff, or peer review body ("Action"), and neither Medical Group nor any Physician is aware of any basis for such Action.

(j) Each Physician is board certified or board eligible in the Specialty, and is proficient in all aspects of Specialty care.

(k) Medical Group is not in any manner whatsoever breaching any other agreement, covenant or obligation, or otherwise violating any statute, regulation or ordinance, by entering into this Agreement or otherwise acting as a party hereto or performing hereunder, and that the consent of any third party is not required in any manner whatsoever for Medical Group to enter into this Agreement and/or act as a party hereto or perform hereunder.

10.2. Notification to Hospital. Upon the occurrence of any event which causes any of the above representations set forth in this Article X to no longer be true and accurate, Medical Group shall provide written notification to Hospital within forty-eight (48) hours of such event.

ARTICLE XI

MISCELLANEOUS

11.1. Assignment and Delegation. Neither this Agreement nor any right or duty hereunder may be assigned or delegated by Medical Group without the prior written consent of Hospital in its sole discretion. Any attempted or purported assignment by Medical Group in violation of this provision shall be void and without force or effect. Hospital, in the exercise of its sole and absolute discretion, shall have the right at any time, without the consent of Medical Group, to assign, delegate or in any manner transfer all or any portion of its interests, obligations or duties under this Agreement to any person, group or entity affiliated with Hospital or to any successor-in-interest which acquires the Facility or which acquires substantially all of Hospital's assets.

11.2. Binding on Successor-in-Interest. The provisions of this Agreement and the obligations and interests arising hereunder shall extend to and be binding upon and inure to the benefit of the lawful assigns and successors of the respective parties hereto.

11.3. Third Party Beneficiary. None of the provisions contained in this Agreement is intended by the parties hereto, nor shall any be deemed, to confer any benefit on any person or entity not a party hereto.

11.4. Notices. Written notice required under this Agreement shall be given personally or sent by United States certified mail, return receipt requested, or by private overnight mail service, postage prepaid, and addressed to the parties at addresses shown below (or such other address as may hereafter be designated by a party by written notice thereof to the other party). Such notice shall be effective upon delivery, if given personally, or if mailed as provided for above such notice shall be effective upon the date shown on the delivery receipt.

HOSPITAL: Tahoe Forest Hospital
10121 Pine Avenue
P.O. Box 759
Truckee, CA 96160
Attention: Chief Executive Officer

MEDICAL GROUP: _____

Either party may change its address indicated above by notifying all other parties in writing of such change of address in the manner specified in this Section 10.4.

11.5. Gender and Pronouns. Whenever appropriate from the context of this Agreement, the use of any gender shall include any and all other genders, and the single number shall include the plural, and the plural number shall include the singular.

11.6. Severability. If any term or provision of this Agreement is held to be invalid, void or illegal by a court of competent jurisdiction, the validity and enforceability of the remaining terms and provisions of this Agreement shall not be affected thereby, and such remaining terms and provisions shall continue to be in full force and effect.

11.7. Governing Law. The existence, validity, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws.

11.8. Entire Agreement; Amendment. The making, execution and delivery of this Agreement by the parties hereto have not been induced by any representations, statements, warranties or agreements other than those expressed in this Agreement. This Agreement, together with any attachments or exhibits hereto, embodies the entire understanding of the parties regarding the subject matter of this Agreement, and there are no further or other agreements or understandings, written or oral, in effect between the parties relating to such subject matter. This Agreement shall supersede and terminate any previous oral or written agreements between the parties hereto with respect to the subject matter hereof, and any such prior agreements are null and void. This Agreement may be amended or modified only by an instrument in writing signed by all of the parties.

11.9. Waiver of Provisions. The failure of a party to insist upon strict adherence to or performance of any provision of this Agreement on any occasion shall not be considered a

waiver nor shall it deprive that party of the right thereafter to enforce performance of or adherence to that provision or any other provision of this Agreement. Any waiver of any terms and conditions hereof must be in writing, and signed by the parties hereto.

11.10. Captions and Headings. Any captions to or headings of the articles, sections, subsections, paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties, are not a part of this Agreement, and shall not be used for the interpretation or determination of validity of this Agreement or any provision hereof.

11.11. Preparation of Agreement. The parties acknowledge and agree that each has negotiated and reviewed the terms of this Agreement, assisted by such legal and tax counsel as they desired, and has contributed to its revisions. The parties further agree that the rule of construction that any ambiguities are resolved against the drafting party shall be subordinated to the principle that the terms and provisions of this Agreement shall be construed fairly as to all parties and not in favor of or against any party.

11.12. Dispute Resolution.

(a) Informal Resolution Processes. Any questions or disagreements arising under this Agreement regarding the quality of care provided to Facility patients shall be submitted to the Medical Executive Committee. Any questions or disagreements (other than those regarding quality of care) arising under this Agreement, including any questions concerning the interpretation of this Agreement, shall be submitted to Hospital's Chief Executive Officer. If the dispute cannot be resolved by the Chief Executive Officer within ninety (90) days of submission thereto, either party may submit the resolution to arbitration pursuant to Section 11(b) below.

(b) Arbitration. With the exception of disputes regarding the quality of care, which shall be resolved according to the provisions of Section 11.12(a), all disputes relating to, arising out of or in connection with the validity, interpretation or performance of this Agreement, including tort claims, shall be resolved by arbitration. The arbitration will proceed in accordance with the commercial rules of arbitration of the American Arbitration Association, as supplemented or modified by this Agreement. Written notice of a claim and demand for arbitration must be given to the other party (the “**Respondent**”) not more than one hundred and twenty (120) days after the date of (i) the events giving rise to the claim occur or (ii) the date the claim is discovered. Response to the demand for arbitration shall be due not later than twenty (20) days after receipt of notice. The claim will be deemed denied if Respondent does not answer the demand within that time period. Not more than twenty (20) days after Respondent answers the demand (or if there is no answer, after the time for answer has elapsed) (the “**Answer Date**”), the parties shall select a single neutral arbitrator. If the parties cannot agree upon such arbitrator within twenty (20) days of the Answer Date, then each party shall choose an arbitrator and the two arbitrators together shall select a third arbitrator (the “**Arbitrators**”) and the matter shall be arbitrated by the panel of three Arbitrators. If the two Arbitrators are unable to agree upon a third Arbitrator prior to the thirtieth (30th) day after the Answer Date, then either party may request the American Arbitration Association to select the third Arbitrator. Any Arbitrator selected under this Section shall be a person with business, financial or legal experience in the health care industry of at least five (5) years, who is generally familiar with the issues in dispute. The arbitration shall take place in Truckee, California, or another location mutually agreed upon by the parties. The Arbitrator(s) may construe or interpret but shall not ignore the terms of this Agreement and shall be bound by California substantive law. The

arbitration decision shall include written findings of fact and conclusions of law. The arbitration decision may include equitable relief, but may not include punitive or exemplary damages. The Arbitrator(s) shall not have the power to commit errors of law or legal reasoning and the Arbitrator's(s') decision may be vacated or corrected pursuant to California Code of Civil Procedure Sections 1286.2 or 1286.6 for any such error. The prevailing party, as determined by the Arbitrator(s), shall be entitled to reasonable attorneys' fees and costs. In cases submitted to arbitration, the parties agree to share equally in the administrative fee, if any, unless otherwise assessed against the non-prevailing party by the Arbitrator(s). The parties agree that the decision of the Arbitrator(s) shall be final and binding as to each of them, and that the arbitration award may be enforced in any court having jurisdiction thereof, by the filing of a petition to enforce said award.

(c) Equitable Relief. The foregoing provisions of this Section 11.12 shall not be interpreted in any manner whatsoever to restrict the right of either party to this Agreement to pursue equitable relief from a court of competent jurisdiction at any time or to terminate this Agreement in accordance with the terms hereof. In the event that either party hereto wishes to obtain injunctive relief or a temporary restraining order from a court of competent jurisdiction, the decision of such court with respect to the requested injunctive relief or temporary restraining order shall be subject to appeal only as allowed under California law. Such court shall not, however, have the authority to review or grant any request or demand for damages.

11.13. Venue. The parties agree that Nevada County, California shall be the only proper venue for disputes related to this Agreement.

11.14. Attorneys' Fees. Notwithstanding and in addition to the provisions in Section 11.12 above, if legal action is required by either party hereto to enforce the terms of this Agreement, the prevailing party in such action shall be entitled to reimbursement for reasonable costs and attorneys' fees incurred in connection therewith.

11.15. Force Majeure. Neither party hereto shall be liable nor deemed to be in default for any delay, interruption or failure in performance under this Agreement that results, directly or indirectly, from Acts of God, acts of civil or military authority, war, terrorism, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or supplies, vandalism, riots, civil disturbances, strike or other work interruptions by such party's employees or any similar or dissimilar cause beyond the reasonable control of such party. However, the parties shall make good faith efforts to perform under this Agreement in the event of any such circumstances.

11.16. Disclosure of Conflicts of Interest. Medical Group agrees to adhere to Hospital's conflicts of interest policy, as from time to time in effect, and to disclose to Hospital any matter or transaction in which Medical Group is involved that conflicts with the interest of Hospital in Medical Group's satisfactory performance of Specialty services under this Agreement.

11.17. Tax-Exempt Financing. In the event Hospital intends to seek tax-exempt financing, Hospital and Medical Group shall negotiate in good faith to amend this Agreement to the extent deemed necessary by bond counsel involved in that financing. If Hospital and Medical Group do not agree to the terms of such an amendment, Hospital may immediately terminate this Agreement.

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

11.19. CCR § 70713 Recital. To the extent required by Cal. Code of Regulations §70713, Hospital shall retain professional and administrative responsibility for the operation of the call panel roster pursuant to this Agreement. Hospital's legal obligations under this Agreement do not include any professional services rendered by Medical Group, through the Physicians, to Facility patients.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto, for themselves or by their authorized officers, as applicable, have caused this Agreement to be executed effective as of the Effective Date set forth hereinabove.

“Hospital”

Tahoe Forest Hospital District

By: _____

Its: _____

“Medical Group”

North Tahoe Orthopedics,
a California Medical Partnership,

By: _____

Printed Name: _____

Title: _____

The undersigned, understand and acknowledge that they are bound by the terms and conditions of the attached agreement to the extent applicable to them.

JEFFREY DODD, M.D.

JOHN FOLEY, M.D.

PATRICK OSGOOD, M.D.

Exhibit A

Physicians

Jeffrey Dodd, M.D.

John Foley, M.D.

Patrick Osgood, M.D.

2015 Governance Committee Goals - DASHBOARD

Stated Goal:	Tactic	Measurement	Owner	Status
1. Advance best practices in governance	a. Gain ACHD Certification		Dir. Governance & Community Development	
	b. Develop and implement board order and decorum documents		Chair / Dir. Governance & Community Development	
2. Assure organization has an effective compliance program			Committee	
3. Establish a board education program				
4. Develop a board and committee leadership development program			Committee	
5. Improve governance transparency			Committee	