TAHOE FOREST HOSPITAL DISTRICT

# 2016-04-20 Board Governance Committee Meeting

Wednesday, April 20, 2016 at 8:00 a.m.

Tahoe Conference Room - Tahoe Forest Hospital

10054 Pine Avenue, Truckee, CA 96161

# Meeting Book - 2016-04-20 Board Governance Committee Meeting

04/20/16 Goverance Committee

TAHOE FOREST HOSPITAL DISTRICT

# GOVERNANCE COMMITTEE
# AGENDA

Wednesday, April 20, 2016 at 8:00 a.m.
Tahoe Conference Room - Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA 96161

**1. CALL TO ORDER**

**2. ROLL CALL**
John Mohun, Chair; Greg Jellinek, M.D., Board Member

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

**4. INPUT – AUDIENCE**
This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

**5. CLOSED SESSION**

**5.1. Approval of Closed Session Minutes:** 03/17/2016

**6. APPROVAL OF MINUTES OF:** 03/17/2016

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

**7.1. Contracts**
New, amended, and auto renewed contracts are submitted to the Governance Committee for review and consideration for recommendation of approval by the Board of Directors.

7.1.1. Bretan – Professional Services Agreement MSC ..... ATTACHMENT
7.1.2. Horteras – Hospitalist Services Agreement ..... ATTACHMENT

**7.2. Policy Review**
Governance Committee will review and discuss board policies.

7.2.1. ABD-21 Physician and Professional Service Agreements

**7.3. Committee Education**
Governance Committee will receive education on the District's ACHD Certification and upcoming legislation.

7.3.1. ACHD Best Practices in Governance Certification Update
7.3.2. Legislation Update

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

**9. NEXT MEETING DATE**

The next Governance Committee meeting is scheduled for May 18, 2016 at 12:00 p.m.

**10. 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.

TAHOE FOREST HOSPITAL DISTRICT

# GOVERNANCE COMMITTEE
# DRAFT MINUTES

Thursday, March 17, 2016 at 8:00 a.m.
Eskridge Conference Room - Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA 96161

**1. CALL TO ORDER**
**Meeting was called to order at 8:06 a.m.**

**2. ROLL CALL**
Board: John Mohun, Chair; Greg Jellinek, M.D., Board Member

Staff: Harry Weis, CEO; Stephanie Hanson, Compliance Analyst; Carl Blumberg, Tammi Allowitz, Contracts Coordinator; Martina Rochefort, Clerk of the Board

Other: Michael Colantuono, General Counsel (*via phone*); David Henninger, Hooper, Lundy and Bookman (*via phone*); Jim Hook, The Fox Group

**3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**
Item 7.1. was requested to be heard prior to Closed Session.

**4. INPUT – AUDIENCE**
No public comment was received.

**Open Session recessed at 8:21 a.m.**

**5. CLOSED SESSION**
Discussion was held on privileged items.

**Open Session reconvened at 10:17 a.m.**

**6. APPROVAL OF MINUTES OF:** 02/17/2016
Director Jellinek moved approval of the Governance Committee minutes of February 17, 2016.

**7. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**
**7.1. Meaningful Use Update**
CIO reviewed the Meaningful Use Initiative for TFH and IVCH.

CMS changed the initiative from fiscal to calendar year which shortened the timeline by 6 months. The District is confident it will meet the criteria for a hardship extension. CMS is revising the program and coming out with a merit based incentive project.

Director Mohun applauded CIO for his work in keeping our patients safe.

CPSI was approached and asked to allow the District to use CW4 product which is more stable.

CIO hopes to be live in January 2017 with a new EHR system.

**7.2. Contracts**

*Item 7.2.2. was discussed prior to Item 7.2.1.*

**7.2.1. Kopp – Revised Consulting Engagement Letter**

CEO highlighted the expanded work product expected for Walter Kopp.

Director Jellinek inquired about the increase from the original contract approved by the Board in February. CEO stated Mr. Kopp's hourly rate will be cheaper than utilizing ECG for Phase 2 work.

Governance Committee would like a presentation from CEO at the Board Meeting on this contract.

Discussion was held on the scope of the contract. CEO highlighted there was an immediate need for work setting up clinics and physician alignment.

*Director Mohun departed the meeting at 10:56 a.m.*
*Director Mohun returned to the meeting at 10:58 a.m.*

Governance Committee would like a more definitive scope of Mr. Kopp's work for the board meeting.

**7.2.2. Cahill - TFHD Call Coverage Agreement**

Discussion was held on BETA representing the hospital and the physician.

Carl Blumberg stated that in a malpractice lawsuit BETA would assign different counsels.

As long as the District remains with BETA, they will provide tail coverage for locums physicians when they are here.

Committee directed Contracts Coordinator to confer with Legal Counsel.

Governance Committee recommended to bring this contract to the full board on March 24th.

Director Mohun requested that a date line be added for each individual signature on contracts going forward.

**8. <u>REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS</u>**

None.

## 9. NEXT MEETING DATE

The next Governance Committee meeting is scheduled for April 20, 2016 at 8:00 a.m.

Committee would like to extend meetings to two and a half hours in length.

## 10. ADJOURN

**Meeting adjourned at 11:16 a.m.**

### 7.1. Contracts

Contracts redacted.

Available for public viewing via a Public Records request.

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|---|---|---|---|---|---|
| | **Tahoe Forest Health System** | | | | |
| | **Title:** Physician and Professional Service Agreements | | | **Policy/Procedure #:** ABD-21 | |
| | **Responsible Department: Board of Directors** | | | | |
| Type of policy | | Original Date: | Reviewed Dates: | Revision Dates: | |
| ☒ | Board | 1/90 | 5/00; 01/12; 1/14 | 01/10; 02/14; 07/15 | |
| ☐ | Medical Staff | | | | |
| ☐ | Departmental | | | | |
| Applies to: ☒ System ☐ Tahoe Forest Hospital ☐ Incline Village Community Hospital | | | | | |

**PURPOSE**:

This policy is intended to provide the District's Chief Executive Officer a general framework for professional services contracting and recognizes that flexibility may be required due to the broad scope of professional services that may be covered. Further, to insure that the professional service provider is meeting the needs of Tahoe Forest Hospital District and the community that it serves, as well as allowing the provider to update the actual services performed, a formal service review process will be utilized.

**POLICY**:

Written professional service agreements will be prepared for all physicians and health professionals who qualify as independent contractors and who provide diagnostic or therapeutic services to Tahoe Forest Hospital District's patients, or who provide certain medico-administrative duties within a hospital department or service.

The following list exemplifies physicians and health professionals who will be covered by this policy including but not limited to:

- Anesthesiologists
- Medical Directors of specific departments/services, and Medical Staff Officers
- Physicians providing services in the District's Medical Services Clinics and Cancer Center
- Physicians serving in medical-administrative roles or on hospital committees
- Nuclear Medicine Specialists
- Emergency Services physicians
- Occupational therapists
- Pathologists
- Physical therapists
- Radiologists
- Speech pathologists
- Emergency and urgent care providers
- Mid-level practitioners not employed by the District
- Hospitalists
- Other contracted physicians

**Procedures**

**1.0** All professional service agreements will be developed between the District's Chief Executive Officer and health professionals.

**1.1** Health professionals are not permitted to provide professional services under any professional services agreement until the agreement has been fully signed and executed prior to the effective date by the parties. Agreements containing amendments to the terms and conditions of the agreement must also be executed prior to the effective date and prior to the provision of professional services under the amemded agreement.

**1.2** New agreements shall utilize the model agreement for the type of service required from the contracting professional (See Exhibit A, attached, for a list of available model agreements); and

**1.2.1** New agreements not utilizing the model agreement for the type of service required shall be reviewed by legal counsel prior to submission to the District's Board of Directors.

**1.2.2** Agreements committing $25,000.00 or more in any given twelve-month period:

11.2.2 Once agreement is reached between the District's Chief Executive Officer and health professional, CEO will present the Contract Routing Form (or equivalent data summary report) with the principal terms and conditions listed, to the Board of Directors for their consideration. Principal terms and conditions include, but are not limited to, purpose of agreement, agreement term, compensation, scope of duties, total cost of contract, and other pertinent information.

21.2.2 Upon their review and consideration, the Board of Directors may request specific changes be made to the proposed terms and conditions, and revised terms and conditions be submitted to the Board at its next scheduled or special meeting.

31.2.2 After approval by the Board of Directors, the CEO will present the agreement to the health professional for review and signature, indicating his or her acceptance of the included terms

41.2.2 In the event the health professional requests changes in the principal terms and conditions of the agreement, the CEO will present a modified Contract Routing Form (or equivalent) to the Board of Directors

51.2.2 The District's Chief Executive Officer will place the agreement on the agenda of the District Board of Directors for their consideration.

61.2.2 The professional service agreement will become effective following the Board of Directors' ratification, subject to the contract term identified in the agreement.

**1.2.3** New agreements committing less than $25,000 per twelve-month period can be authorized by the District's Chief Executive Officer without Board

approval so long as funds have been authorized in the District's operating budget for that fiscal year.

**1.3** Renewal agreements:

**1.3.1** All renewing agreements shall utilize the model agreement for the type of service required from the contracting professional.

11.3.1 Agreements committing $25,000.00 or more in any given twelve-month period:

**1.3.1.1.1** Once agreement is reached between the District's Chief Executive Officer and health professional, CEO will present the Contract Routing Form (or equivalent) with the principal terms and conditions listed, to the Board of Directors for their consideration. Principal terms and conditions include, but are not limited to, purpose of agreement, agreement term, compensation, scope of duties, total cost of contract, and other pertinent information.

**1.3.1.1.2** Upon their review and consideration, the Board of Directors may request specific changes be made to the proposed terms and conditions, and revised terms and conditions be submitted to the Board at its next scheduled or special meeting.

**1.3.1.1.3** After approval by the Board of Directors, the CEO will present the agreement to the health professional for review and signature, indicating his or her acceptance of the included terms

**1.3.1.1.4** In the event the health professional requests changes in the principal terms and conditions of the agreement, the CEO will present a modified Contract Routing Form (or equivaent) to the Board of Directors

**1.3.1.1.5** The District's Chief Executive Officer will place the agreement on the agenda of the District Board of Directors for their consideration.

**1.3.1.1.6** The professional service agreement will become effective following the Board of Directors' ratification, subject to the contract term identified in the agreement.

**1.3.2** Renewal agreements committing less than $25,000 per twelve-month period can be authorized by the District's Chief Executive Officer without Board approval so long as funds have been authorized in the District's operating budget for that fiscal year.

**1.4** Physician and other professional service agreements due for renewal may be held over for up to six months with no change in compensation terms at the discretion of the CEO, and in accordance with Stark Law and OIG regulations.

**1.5** Urgent Services:

**1.5.1** At the discretion of the CEO, an agreement required for urgent services may be presented directly to the Board of Directors.

11.5.1 All terms and condition must be included at the time of presentation.

21.5.1 The signature of the health professional will be required on such agreements at the time of presentation to the Board.

**1.6** All physician and professional service agreements will be processed by the Chief Executive Officer's administrative staff. The following guidelines will be utilized:

**1.6.1** Material for agreements will be presented to the Chief Executive Officer's administrative staff in a timely manner to ensure that adequate time is available for preparation of the agreement within the required timeframes for timely execution and implementation.

**1.6.2** Content and negotiations with health service professionals will remain the the responsibility of the Admin Council members.

**2.0** Compensation under Professional Service Agreements With Physicians Only.

In all cases, agreement will specify the financial arrangements related to the provision of physician professional services. The following methodologies may be utilized:

**2.1** Hourly rates. Hourly rates are the preferred compensation method for administrative duties such as medical directorships, medical staff leadership positions, or committee attendance. Hourly rates or "per shift" rates with hours of coverage and response time specified are the preferred compensation method for on-call and hospitalist coverage.

**2.1.1** Physicians shall be required to document the date, hours spent, and a description of work completed for all administrative duties.

**2.1.2** On call calendars maintained by the medical staff office may be utilized as documentation for on-call and hospitalist agreements.

**2.1.3** MSC physicians may receive RVU credit for administrative duties in lieu of cash compensation.

**2.2** Base compensation plus bonus. Payment of a fixed base compensation plus bonus is the preferred compensation method for multi-specialty clinic (MSC) physicians who are working more than half time. A consistent model for the compensation of MSC physicians shall be utilized, which may be subject to modification annually.

**2.2.1** Management shall endeavor to create a model that is aligned with the following organizational goals, recognizing that simultaneous achievement of all goals may not be possible in all cases; however the first of these goals (paying within fair market value) cannot be compromised in any circumstance.

12.2.1 Pay within constraints of fair market value

22.2.1 Maintain internal equity within and between specialties

32.2.1 Provide sufficient compensation to recruit and retain physicians

42.2.1 Encourage quality and productivity

52.2.1 Be Clear and understandable to all parties

**2.2.2** Base compensation shall be established based on an agreed upon percentage of the median compensation from one or more published compensation surveys, adjusted for the physician's FTE status.

12.2.2 FTE status shall be based on agreed number of days of work and/or hours of clinical availability, which may vary by specialty but which shall be consistent within each specialty.

22.2.2 The survey to be utilized shall be the annual MGMA Physician Compensation and Production Survey.

32.2.2 The Western Region median shall be utilized.

42.2.2 Data shall be smoothed by utilizing a 3-year average of the median from the three most recently published surveys.

52.2.2 In the event that, in management's professional opinion, the data from the MGMA survey in the Western Region is unreliable due to the low number of respondents or other factors, management may utilize the national median and/or data from other published surveys.

62.2.2 Survey data shall be adjusted for inflation that has occurred since the data was collected.

72.2.2 The percentage of median may be adjusted based on the physician's historic productivity, years of experience, special expertise, or the difficulty of recruiting a particular specialty to the area. However:

**2.2.2.7.1** In no case shall the percentage of median compensation paid as base compensation (before FTE adjustment) fall below 70% nor shall it exceed 130% of the median.

**2.2.2.7.2** In no case shall a physician's base compensation be decreased relative to the prior year unless either:

**2.2.2.7.3** Physician's FTE status has changed

**2.2.2.7.4** Physician's prior year productivity has fallen below 90% of the prior year's target, and physician failed to reach this productivity level due to factors that are under the physician's control, such as leaving early or taking excessive time off. Determination of the reasons for any such failure shall be reviewed by a panel that includes the Executive Director (or designee), the Medical Director and at least one other physician.

**2.2.3** The costs of malpractice insurance and benefits that are borne by the physicians shall be considered based on such reasonable methodology as may be developed by management, which may include but is not limited to:

12.2.3 Adding the estimated costs of malpractice insurance, health insurance, retirement benefits, employer-paid payroll taxes,

and other benefits that are customarily paid by organizations with the ability to employ physicians.

22.2.3 Reducing the WRVU target by an amount that would enable physicians to earn all or a portion of those costs by reaching a production level that is commensurate with their compensation.

**2.2.4** Physician contracts may include a production and/or quality incentive, to encourage physicians to work to their full capacity, provided:

12.2.4 Productivity is measured in Work Relative Value Units (WRVUs), unless physician works in a specialty for which WRVU benchmark data is either unavailable or insufficient, in which case an alternate measure such as visits may be utilized.

22.2.4 The production incentive is in no way tied to referrals or to use of Tahoe Forest Hospital facilities.

32.2.4 The production target is set based on the same survey benchmarks utilized for compensation, and is set at a level that is proportionate to base salary.

42.2.4 Quality incentives, if any, are measurable and linked to factors that are within the physician's control.

52.2.4 The total projected compensation, including incentives, does not exceed fair market value.

**2.3** Rate per Work Relative Value Unit (WRVU). Payment at a set rate per Work Relative Value Unit (WRVU) is the preferred compensation method for multi-specialty clinic (MSC) physicians who are working less than half time.

**2.3.1** The rate per RVU shall be based on the same compensation and production survey data that is utilized for physicians working half time or more, and may include an allowance for malpractice and benefits.

**2.4** Percentage of professional fee collections. Payment based on a percentage of professional fees collected may be utilized for physicians who are not part of the MSC in those instances where the District accepts responsibility for billing and collecting from the patient or any third party payer for professional services and is able to separately bill for professional service fees.

**2.4.1** Remuneration based upon a percentage of combined facility and professional gross charges or collections is prohibited.

**2.4.2** The District will remit the amounts collected, depending upon the agreement, to the physician, deducting a percentage to account for the estimated expenses of the District's billing and collection services and other administrative and support services, if provided.

**2.4.3** If the payment to the healthcare provider is based upon billings rather than collections, a further percentage will be deducted so to account for the estimated incidents of bad debts and contractual allowances. Furthermore, if the payment to the healthcare provider is based upon billings rather than collections, a revenue collection analysis will be

performed at least annually to ensure compliance to the above compensation provision.

**2.4.4** All professional fee schedules shall be made a part of the agreement and appropriately referenced. Professional fee schedules may be revised annually. Any changes to the professional fee schedule must be discussed between the District Chief Executive Officer and requesting physician prior to becoming effective. Requests shall conform to the following criteria:

12.4.4 Should provide sufficient detail to fully describe the professional services, relevant code numbers and professional fees;

22.4.4 All professional fees shall be reasonable and customary and comparable to professional fees charged by their peers within our region. The mechanism for determining compliance to this criteria will be determined on a case by case basis between the professional provider and District Chief Executive Officer.

32.4.4 Other relevant information should also be provided, e.g., changes required as a result of regulatory mandates; requests from individual physicians and Medical Staff; new service charges or extraordinary changes in provider costs not previously anticipated.

42.4.4 Written agreement reflecting mutual acceptance of the proposed revisions as meeting the above criteria shall be required prior to the changes becoming effective.

**2.5** Payment per service.Payment at a specified rate per service is the preferred method for limited scope agreements in which the physician is providing clearly delineated clinical services. Examples include EKG interpretations, audiology reviews, and other services that are billed on a global basis by the hospital.

**2.6** Specialty call activation fee.In specialties where a regular on-call panel is either infeasible due to the number of physicians on the medical staff within that specialty or the low incidence of emergency need for that specialty, a specialty activation fee may be offered in the event that physician is called in to respond to an emergency.

**2.7** Fair Market Value.In all cases, physician's compensation must be within fair market value and must be determined to be commercially reasonable.

**2.7.1** Fair market value for any individual contract shall generally be defined as an amount equal to or less than the 75th percentile of compensation, considering the physician's FTE status and production levels.

**2.7.2** However management shall endeavor to design a compensation model that maintains the average physician's compensation within +/- 10% of the median (or between the 40th and 60th percentiles?).

**3.0** Multiple agreements

**3.1** Nothing in this policy shall prohibit the hospital from entering into multiple agreements with physicians; provided however that the designated hours of service are clearly segregated.

**3.1.1** Physicians whose MSC duties are typically during regular Monday through Friday daytime hours may be paid for on-call coverage during evenings, weekends, and scheduled days off and/or for administrative duties performed during lunch or after regular clinic hours.

**3.1.2** MSC physicians who provide hospitalist, on-call, or administrative services during normal scheduled clinic time shall receive WRVU credit in lieu of cash payment.

**3.1.3** The physician may perform administrative duties while on call, as long as clinical duties are not needed. If the physician is need for clinical duties, they must not bill administrative time when performing clinical duties.

**4.0** Physician Qualifications:

**4.1** Professional service agreements with physicians shall require:

**4.1.1** A valid and unrestricted license to practice medicine in the state issued by the applicable state Medical Board;

**4.1.2** All appropriate certifications, registrations and approvals from the Federal Drug Enforcement Administration and 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;

**4.1.3** Prompt disclosure of the commencement or pendency of any action, proceeding, investigation or disciplinary proceeding against or involving Physician, including, without limitation, any medical staff investigation or disciplinary action;

**4.1.4** Prompt written notice of any threat, claim or legal proceeding against TFHD that Physician becomes aware of, and cooperate with TFHD in the defense of any such threat, claim or proceeding and enforcing the rights (including rights of contribution or indemnity) that TFHD may have against other parties or through its insurance policies;

**4.1.5** No discrimination against a patient based on race, creed, national origin, gender, sexual orientation, disability (including, without limitation, the condition(s) for which the patient seeks professional services from Physician), ability to pay or payment source.

**4.2** Physician Qualifications In Coordination With Medical Staff Bylaws:

**4.2.1** Professional service agreements with physicians shall require their membership on the District's Medical Staff with appropriate privileges pertinent to the duties and responsibilities described by the professional service agreement.

**4.2.2** Termination of the agreement will cause the physician to lose the "right" to provide the services which are described in the agreement. However, this would not mean that the physician would lose his Medical Staff membership and privileges; he/she would simply lose the right to gain access to the service or department which is the subject of the exclusive agreement.

**4.3** Contract Termination Clause

**4.3.1** :In all cases, professional service agreements shall provide for a termination clause which allows for termination by either party without cause upon prior written notice.

**4.3.2** The following language will be utilized: “For cause” termination of a physician contract during the first year of its term; “No cause” termination following the first year of its term.

14.3.2 The timeframe for prior written notice may range from 60-180 days. Further, termination of the agreement does not afford the physician the right to request a medical staff hearing or any other review pursuant to the Medical Staff By-Laws.

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**5.0** Provisions For Health Professional Service Agreements

**5.1** Compensation:

In all cases, the contract will specify the financial arrangements related to the provision of professional services. It is desirable that remuneration be based upon a set professional fee schedule rather than a percentage of gross or net patient charges. However, it is recognized that a wide variety of other mechanisms may be utilized and such other mechanisms are left to the discretion of the District Chief Executive Officerand Board of Directors.

**5.2** Professional Fee Schedule:

**5.2.1** When reimbursement is based upon professional fee schedules, said fee schedule shall be made a part of the agreement with the health professional. When provided for by agreement, professional fee schedule revisions will be considered once annually in a timeframe that coincides with the District’s operating budget.

15.2.1 Requests for revisions must be submitted to the District Chief Executive Officer by April of each year for implementation by July. The request should provide sufficient detail to fully describe the professional services, relevant code numbers and professional fees requested. The District Chief Executive Officer will determine the acceptability of the proposed changes.

**5.3** Health Professional Qualifications in Coordination with Medical Staff By-Laws:

**5.3.1** Professional service agreements may require certain health professionals to be members of the District’s allied health professional staff with appropriate privileges pertinent to the duties and responsibilities described by the professional service agreement.

**5.3.2** Should a health services agreement be cancelled involving an allied health professional, termination of the agreement will cause the health professional to lose the "right" to provide the services which are described in the agreement. However, this would not mean that the health professional would lose his allied health professional appointment or related privileges.

**5.4** Contract Termination Clause

**5.4.1** In all cases, professional service agreements shall provide for a termination clause which allows for termination by either party without cause upon written notice.

**5.4.2** The timeframe for prior written notice may range from 60-180 days. When the health professional is required to be an allied health professional, termination of the agreement will not afford the allied health professional the right to request the due process hearing described by the Medical Staff rules and regulations for allied health professionals.

**6.0** Physician and Health Professional Service Agreement Contract and Service Review

**6.1** Contract Review

**6.1.1** Prior to the end of a contract period, the Chief Executive Officer may choose to conduct a contract review or at any time during the contract period.

**6.1.2** The Board of Directors can recommend that a contract review be done prior to most contract renewals but allows the CEO discretion to forego the review if the contract renewal is on an annual basis or if other factors indicate that the review is not necessary prior to that particular contract renewal.

At a minimum of every five years, the Chief Executive Officer will conduct a service review of the contract service provided by the physician, physician group and/or other professional service. The Chief Executive Officer will undertake the service review and a report based upon this service review will be made to the Board of Directors.

**6.2** Contract Review Elements

**6.2.1** Ensure that the terms of the contract are being met as outlined in the service agreement.

**6.2.2** Review the service as it related to consistency with the District's compliance program.

**6.2.3** Assessment of patient, physician and staff opinions/input/complaints.

**6.3** Service Review Elements

**6.3.1** As part of the service review, the Chief Executive Officer will request feedback from the medical and clinical staff regarding the following:

16.3.1 Quality of care being provided based on the specialty's identified standards of care.
26.3.1 Availability and responsiveness.
36.3.1 Consistency with the District's compliance program.
46.3.1 Patient, physician and staff opinions/inputs/complaints

**6.4** Other Review Elements: In addition the Chief Executive Officer will:

**6.4.1** Ensure that the terms of the contract are being met as outlined in the service agreement.

**6.4.2** Review market conditions with appropriate benchmarking and make recommendations as to the continuation of the current contract.

**6.4.3** Ensure that the fee schedule is appropriate for current market conditions.

**6.4.4** Take in to consideration elements of the contractor's relationships with service providers, the District and the community.

**6.4.5** Review standards and best practice recommendations set by professional and specialty organizations with appropriate consideration of our community and Hospital District.

**6.5** The Chief Executive Officer will compile a report based upon the service review and present it to the Board of Directors with recommendations related to continuation of the contract or consideration of a Request For Proposal (RPF) process.

**Contract Inclusion terms:**

**7.0** General Provisions: Physician and Health Professional Service Agreements

**7.1** Professional Service Duties and Responsibilities: Each agreement will include a detailed and specific delineation of the duties and responsibilities to be performed by the health professional as well as the District. For example, extensive detail will be provided regarding:

**7.1.1** Diagnostic and therapeutic services to be provided

**7.1.2** Medico-administrative services to be provided

**7.1.3** Coverage obligations to be assumed

**7.1.4** The rights and obligations of the District and the health professional with regard to providing space, equipment, supplies, personnel and technicians.

**7.2** Standards Of Practice: Each agreement shall specify that the health professional will provide the service in accordance with the Hospital Bylaws; Medical Staff Bylaws, Rules and Regulations, and standards established by the Executive Committee of the Medical Staff; with the ethical and professional standardsof the American Medical Association and the California and/or Nevada Medical Association; the standards of the Healthcare Facilities Accreditation Program (HFAP) and in any applicable specialty college or society or governmental regulation.

**7.3** Medicare and Medicaid Enrollment: Each agreement shall specify that the health professional is duly enrolled in the federal Medicare program and the applicable State Medicaid program and eligible to seek reimbursement under such programs for covered services rendered by the provider to beneficiaries of such programs. Every agreement must contain a provision in which the health professional agrees to notify TFHS in the event participation terminates.

**7.4** Quality Assessment: Professional service agreements shall require the health professional to participate in the Health System,Quality Improvement Program to ensure that the quality, safety and appropriateness of healthcare services are monitored and evaluated and that appropriate actions based on findings are taken to promote quality patient care. Furthermore, each agreement shall specify a process designed to assure that all individuals who provide patient care services under service agreements, but who are not subject to the Medical Staff

privilege delineation process, are competent to provide such services. Whenever possible, information from customer satisfaction surveys shall be incorporated into the Quality Improvement Program for said service. Agreements which provide for Directorship responsibilities over a department or service shall require the health professional "Director" to be responsible for implementing a monitoring and evaluation process designed to improve patient care outcomes and which is integrated with the Health SystemQuality ImprovementProgram.

**7.5** Assignability: It is desirable that all professional service agreements be non-assignable unless important to the successful negotiation of a contract where higher priority objectives may be achieved. Where assignability becomes necessary, assignability shall be allowed only with the condition that prior written consent of the Board of Directors be obtained.

**7.6** Contract Term: Professional service agreements shall specify a specific term and termination date (i.e., not automatically renewable for successive years). In considering the term of the agreement, the termination date of related agreements should be considered by the District Chief Executive Officer so as to minimize the likelihood of multiple agreements coming due on the same date or year. The length of the term shall be negotiable. Professional service contracts will typically range from one to four years in duration.

**7.7** Professional Liability: In all cases, the health professional will be responsible for providing adequate professional liability insurance coverage at the health professional's expense. Limits of coverage for physicians will be a minimum of $l,000,000 per occurrence, $3,000,000 aggregate. For non-physicians, the minimum limits of coverage may vary depending on the standard established for that health profession. The agreement shall also specify that the contracting health professional will, in turn, either require or arrange for professional liability insurance coverage for all sub-contracting health professionals. Furthermore, the professional liability insurance policy must be obtained from a professional liability insurer which is authorized to transact the business of insurance in the State of California (or Nevada in the case of professional services provided at the District's Community Hospital in Incline Village, Nevada). Also, the professional services agreement must require that the selected insurer will be responsible for notifying the District of any cancellation or reduction in coverage within thirty days of said action.

**7.8** Regulatory Compliance: The agreement should include provisions in which both the District and the health professional commit to full compliance with all federal, state, and local laws. The contracting party should agree to keep confidential any financial, operating, proprietary, or business information relating to the District and to keep confidential, and to take the usual precautions to prevent the unauthorized use and disclosure of any and all Protected Health Information. The agreement should include provisions for amendment to the agreement in furtherance of maintaining compliance in the event of the adoption of subsequent legislation and/or regulations.

**7.9** Recitals: Exclusive professional service agreements should include a carefully developed description of the rationales for exclusivity in a particular clinical service or department. Furthermore, if the agreement does assign exclusive responsibility for a particular service, it should state so expressly not leaving this to inference or interpretation.

**7.10** Professional Relationships: The agreement should specify that the health professional is an independent contractor and is not an employee of the District.

**7.11** Government Audit: The agreement should include the standard provision recognizing that the agreement and certain other materials will be subject to audit and inspection by certain federal authorities with regard to payments made for Medicare services.

**7.12** Standard Contractual Language: The agreement should include certain standard provisions to theeffect that the provisions of the contract are severable and, therefore, the ruling that any one of them is void does not invalidate the entire agreement, and that the waiver of breach of one provision does not constitute a continuing waiver, and that the written agreement constitutes the entire contract between the parties.

**7.13** Managed Care:The physician or health professional agrees to participate as a preferred provider with all of the managed healthcare plans (PPOs and HMOs) that the District has agreements with including agreements with insurance companies, health maintenance organizations and direct contracting with self-funded employers. Any deviation of this policy must be approved by District Administration and the Board of Directors.

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| Related Policies/Forms: Contracts Routing Form, Model Agreements |
| References: |
| Policy Owner: Clerk of the Board |
| Approved by: Chief Executive Officer |

## EXHIBIT A

| No. | Contract Title | Last Date Modified |
|---|---|---|
| 1 | Call_Coverage_Agreement_Template_Individual_2015 | 3/30/2015 |
| 2 | Call_Coverage_Agreement_Template_Medical_Group_2015 | 4/16/2015 |
| 3 | Confidentiality_Nondisclosure_Agreement_2015 | 3/25/2015 |
| 4 | EKG_Letter_Agreement_Template_2014 | 10/29/2014 |
| 5 | Non-Physician_Consultant_Agreement_Template_2014 | 9/25/2014 |
| 6 | Hospitalist_Services_Agreement_Template_2014 | 8/13/2014 |
| 7 | Interim_Physician_Designee_Contract_2014 | 10/30/2014 |
| 8 | Medical_Director_Agreement_Individual_2014 | 8/13/2014 |
| 9 | Medical_Director_Agreement_Medical_Group_2015 | 6/26/2015 |
| 10 | MSC_PSA_Template_2014 | 8/13/2014 |
| 11 | Retention_Agreement_Template_2015 | 4/23/2015 |
| 12 | Recruitment_Agreement_Template_Co-obligors_2015 | 2/20/2015 |
| 13 | Recruitment_Agreement_Template_Physician-obligor_2015 | 2/20/2015 |
| 14 | Rural_Prime_Site_Preceptor_Template_2015 | 4/30/2015 |
| 15 | TF2020_Agreement_for_Medical_Advisor_Services_2015 | 4/3/2015 |

This list was last updated on July 29, 2015. It should be noted that some of the templates listed above have been sourced from recent agreements which have been reviewed and approved by outside counsel. It should also be noted that the templates listed above may require further review by outside counsel prior to implementation by TFHD staff due to the individualized nature of each agreement, and to ensure that the provisions of each agreement have been updated to reflect recent changes in law.