

HOSPITAL - PHYSICIAN PARTICIPATION AGREEMENT

THIS PHYSICIAN PARTICIPATION AGREEMENT (“Agreement”) is made and entered into by and between _____, a California _____ (“Physician Group”) and _____, a California _____ (“Hospital”), as of the effective date stated on the execution page of this Agreement (the “Effective Date”). (Physician Group and Hospital are referred to herein individually as a “Party” and collectively as the “Parties”).

RECITALS

WHEREAS, Hospital is a California _____ that owns and operates a licensed hospital facility which provides health care services to, among others, persons entitled to such services under particular plan(s) of health care benefits offered by Payors (as defined below) pursuant to agreements between Hospital and such Payors (each agreement respectively, “Hospital Payor Agreement”);

WHEREAS, Physician Group is a California _____, that employs or otherwise contracts with California licensed physicians to provide professional health care services to, among others, Covered Persons (defined below) pursuant to agreements between Physician Group and such Payors (each agreement respectively, “Physician Payor Agreement”);

WHEREAS, Hospital has implemented a program to market certain services to Payors subject to the terms and conditions specified in the Program Description (as defined below) applicable to the particular Program (as defined below), and seeks to contract with Physician Group in order to facilitate the provision of the professional services related to such Programs;

WHEREAS, pursuant to the terms of this Agreement, Physician Group desires to provide the professional services related to such Programs in conjunction with Hospital; and

WHEREAS, each of Hospital and Physician Group will continue to provide services to Covered Persons pursuant to its own Hospital Payor Agreements and Physician Payor Agreements, respectively, except as modified by the Program Description and the terms as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises recited herein, the receipt and sufficiency of which are acknowledged hereby, the Parties, intending to be legally bound, agree as follows:

1. DEFINITIONS

For the purpose of this Agreement and each Program Description attached hereto, the following terms shall have the meanings specified unless defined otherwise in the Program Description.

- 1.1 Confidential Information** means the information made available to or developed by Hospital or Physician Group, including, but not limited to, compensation schedules, mailing lists, employer lists, utilization management procedures, total quality assurance policies and programs, internal risk management programs and policies, programmatic information and structure and related information and documents concerning the planning, structure, and operation of either Hospital or Physician Group or a particular Program.

- 1.2** **Covered Person** means any person who has entered into, or on whose behalf there has been entered into, an agreement with a Payor for the provision to such person of Covered Services.
- 1.3** **Covered Services** means those health care services that a Covered Person is entitled to receive as set forth in the applicable Program Description.
- 1.4** **Credential, Credentialing, Re-Credential, or Re-Credentialing** means the process, whether performed by Hospital, Physician Group, Hospital or Physician Group's designee, and/or the applicable Payor, for verifying that each Physician Group Participating Physician is adequately trained, licensed in the jurisdiction in which such Physician Group Participating Physician maintains his or her practice, of good professional reputation, and capable of working with others to provide health care services to Covered Persons.
- 1.5** **Emergency** means a Covered Person's medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:
- 1.5.1** placing the Covered Person's health in serious jeopardy; or
 - 1.5.2** serious impairment to the Covered Person's bodily function; or
 - 1.5.3** serious dysfunction of any of the Covered Person's bodily organs or parts.
- 1.6** **Medically Necessary or Medical Necessity** refers to or means:
- 1.6.1** a determination by Hospital, Physician Group, Hospital or Physician Group's designee, and/or Payor that the services and supplies provided or to be provided to a Covered Person are:
 - 1.6.1.1** appropriate and necessary for the symptoms, diagnosis, or treatment of the Covered Person's medical condition, illness, disease or injury; and
 - 1.6.1.2** required for the diagnosis or direct care and treatment of the Covered Person's medical condition, illness, disease or injury; and
 - 1.6.1.3** within standards of good medical practice as recognized and accepted by the medical community in which the Hospital and Physician Group operate; and
 - 1.6.1.4** not primarily for the convenience of the Covered Person, the Covered Person's physician, or another provider of health services; and
 - 1.6.1.5** the most efficient, economic and appropriate service or supply which can be safely provided; and
 - 1.6.2** in the case of a hospital stay, a determination by Hospital, Physician Group, Hospital or Physician Group's designee, or the applicable Payor that the Covered Person has a condition in which acute care as an inpatient is timely and appropriate, and that safe and adequate care cannot be received as an outpatient or in a less intensive treatment setting.
- 1.7** **Non-Routine Coverage** means the assumption of a Physician Group Participating Physician's responsibility for providing care to Covered Persons pursuant to this Agreement in instances where the physician is ill, on vacation, or temporarily absent for professional or personal purposes.

- 1.8** **Payor** means any third party payor or combination of third party payors, including but not limited to, an insurance company, self-funded employer, Medicare or Medi-Cal, that has entered into an agreement with each of Hospital and Physician Group for the provision of Covered Services to Covered Persons by Physician Group and Hospital.
- 1.9** **Physician Group Participating Physician** means a physician who (i) is employed by or under contract with Physician Group and (ii) meets all of the criteria for participation as set forth in this Agreement.
- 1.10** **Program** means a program offered and financed by a Payor or combination of Payors which utilizes Hospital and Physician Group to render Covered Services to Covered Persons under terms and conditions described in the applicable Program Description.
- 1.11** **Program Description** means a written description of a Program negotiated and entered into between each of Hospital and the Payor, and Physician Group and the Payor, respectively. The Program Description includes terms and conditions under which, Physician Group and Hospital shall provide Covered Services to Covered Persons enrolled in that Program. Each Program Description approved by Physician Group will be included in Exhibit A of this Agreement.
- 1.12** **Provider Manual** means the compilation of policies and procedures to be jointly developed by Hospital and Physician Group and applicable to both Hospital and Physician Group with respect to their provision of Covered Services to Covered Persons under any Program.
- 1.13** **Quality Assurance** means an ongoing program designed to objectively and systematically monitor and evaluate the quality and appropriateness of health care services delivered to Covered Persons and to resolve identified problems based on the prevailing professional and hospital standards of care. Such a program identifies quality issues and recommends corrective actions to be taken by Physician Group and/or Hospital.
- 1.14** **Routine Coverage** means the assumption of a Physician Group Participating Physician's responsibility for providing care to Covered Persons pursuant to this Agreement based on a routine, anticipated, and predetermined basis (e.g., one Saturday a month).

2. PHYSICIAN GROUP PARTICIPATION

- 2.1** **Participation Generally.** Upon the execution by Physician Group of the Execution Page of this Agreement, each of the Physician Group Participating Physicians shall be deemed to be participating hereunder.
- 2.2** **Criteria for Participation.** To qualify as a Physician Group Participating Physician throughout the term of this Agreement, each physician employed by or contracting with Physician Group must:
- 2.2.1** Possess a valid and unrestricted license to practice medicine in the State of California;
- 2.2.2** Remain in strict compliance with all applicable state and federal laws;
- 2.2.3** Be licensed or certified to prescribe medications and controlled substances and have and maintain in good standing a controlled substance certificate from the Drug Enforcement Administration ("DEA");
- 2.2.4** Be eligible to participate in the Medicare and/or Medi-Cal programs;

- 2.2.5 Have and maintain in good standing clinical privileges at Hospital and membership on the Active Staff or Courtesy Staff of Hospital;
- 2.2.6 Be insured against professional liability at a level not less than the level of coverage required by the Medical Staff Bylaws of Hospital; and
- 2.2.7 Comply with any additional criteria mutually established by Hospital and Physician Group.

2.3 Physician Group Participating Physicians. Each Physician Group Participating Physician is subject to the terms and conditions of this Agreement. Physician Group hereby represents and warrants to Hospital that Physician Group has the power and authority to cause, and will cause, each of the Physician Group Participating Physicians to be bound by the terms and conditions of this Agreement.

2.4 Licenses. Physician Group agrees to submit for each Physician Group Participating Physician all licenses, certifications, and any other credentials as required by Hospital for verification and approval, provide medical services to Covered Persons within the limits of such verification and approval and notify Hospital immediately upon any change, or the initiation of proceedings that could result in a change, in good standing of any Physician Group Participating Physician's license or other certificate to practice his/her profession as represented herein.

2.5 Credentialing. Physician Group agrees to submit for verification all required information necessary to Credential or to Re-credential the Physician Group Participating Physicians in accordance with the standards, as amended from time-to-time, subscribed to by Hospital. Physician Group and the Physician Group Participating Physicians will cooperate with Hospital's designee as necessary to conduct Credentialing and Re-Credentialing pursuant to Hospital's Credentialing and Re-Credentialing programs. Physician Group will ensure that Hospital has authorization from each Physician Group Participating Physician for the release of any and all information compiled, maintained, or otherwise assembled by Hospital. In addition, Physician Group will ensure that all Physician Group Participating Physicians remain credentialed and preferred by the applicable Payor at all times.

2.6 Non-Physician Providers. Physician Group acknowledges that it may, in the course of providing Covered Services hereunder, utilize employed or contracted nurse practitioners, physician assistants, allied health professionals, technologists and/or other non-physician health care professionals. To the extent that it does, Physician Group will ensure at all times that such individuals are appropriately licensed and credentialed, are covered by adequate professional liability insurance, and are otherwise qualified to perform all services as requested by Physician Group on behalf of Covered Persons hereunder. Physician Group shall be responsible for all care provided by such individuals pursuant to this Agreement.

3. RELATIONSHIP AMONG HOSPITAL, PHYSICIAN GROUP AND COVERED PERSONS

3.1 Independent Contractors. Physician Group and Hospital are independent legal entities. Except as otherwise expressly set forth in this Agreement, nothing in this Agreement shall be construed or be deemed to create between them any relationship of principal and agent, partnership, joint venture, or any relationship other than that of independent parties. The Parties acknowledge that Physician Group and Hospital do not have an employee-employer relationship and Physician Group shall be responsible for complying with all tax, social security, and other local, state and federal requirements applicable to funds received by Physician Group pursuant to this Agreement. No Party, nor the respective agents or employees of either Party, shall be required to assume or bear any responsibility for the acts or omissions, or any consequences thereof of the other Party under this Agreement. No Party hereto, nor the respective

agents or employees of either Party, shall be liable to other persons for any act or omission of the other Party in performance of his, her or its respective responsibilities under this Agreement.

- 3.2 Physician/Patient Relationship.** It shall be the sole right and responsibility of Physician Group and the Physician Group Participating Physicians to create and maintain a physician/patient relationship with each Covered Person that Physician Group treats, and Physician Group and the Physician Group Participating Physicians shall be solely responsible to each such Covered Person for all aspects of medical care and treatment within the scope of a physician's professional competence and license, including the quality and levels of such care and treatment.
- 3.3 Physician Practice Closings.** Physician Group may, in its sole discretion close the medical practice of any Physician Group Participating Physician to Covered Persons due to lack of adequate resources to accept any additional Covered Persons; provided, however, that such Physician Group Participating Physician shall close his or her practice to all patients, not just Covered Persons, for all purposes, without regard to race, sex, national origin, religion, source of payment, prior medical history, or current medical condition, and for only such time as is reasonable in light of physician's lack of resources. If Physician Group and Hospital determine that a Physician Group Participating Physician should not provide services to a particular Covered Person due to a personality conflict or other personal reasons, Hospital and/or Physician Group will arrange to have such Covered Person treated by another physician.
- 3.4 Coverage by Other Physicians.** Physician Group may rely on a non-Physician Group Participating Physician for Non-Routine Coverage only (i) in an Emergency, or (ii) with Hospital's prior written consent. Physician Group agrees that, should it arrange for Non-Routine Coverage with a non-Physician Group Participating Physician, Physician Group shall ensure that such physician: (a) shall accept as full payment for services to Covered Persons, the lesser of such physician's usual and customary charge or such fee to be paid to Physician Group for the service, as determined pursuant to this Agreement; (b) shall comply with the Quality Assurance, referral and admission requirements, and all other policies and procedures set forth in the applicable Program Description and/or mutually established by Hospital and Physician Group; and (c) has, at a minimum, clinical privileges at Hospital. Further, Physician Group may use a non-Physician Group Participating Physician only for Non-Routine Coverage. Physician Group shall have all Routine Coverage performed by a Physician Group Participating Physician.

4. COVENANTS RELATING TO PARTICIPATION

- 4.1 Provision of Services.** For each Program approved by Hospital and Physician Group respectively, each of Hospital and Physician Group agrees to comply with the terms of the Program Description, and to provide to Covered Persons those Medically Necessary Covered Services as set forth in the Program Description that Hospital and Physician Group Participating Physicians are licensed and credentialed to provide. Hospital and Physician Group each further agrees to provide such services to all Covered Persons in a nondiscriminatory manner consistent with the care and services that each of Hospital and Physician Group provides to its patients who are not covered under this Agreement.
- 4.2 Standard of Practice.** For Programs approved by Hospital and Physician Group, each of Hospital and Physician Group agrees that they shall conduct their practice in accordance with recognized standards in the health care community in which Hospital and Physician Group operate, and ensure that health care services are provided in accordance with Hospital's and Physician Group's objectives of comprehensive quality care, cost containment, and effective utilization of inpatient, ambulatory, and emergency services.
- 4.3 Insurance.** Each of Hospital and Physician Group agrees to maintain: (i) a professional liability insurance policy for itself (and with respect to Physician Group, for each of the Physician Group Participating Physicians) in an amount at least equal to one million dollars (\$1 million) per occurrence

and three million dollars (\$3 million) in the aggregate; and (ii) any other types of insurance required under California law or as mutually agreed to by the Parties. Physician Group and Hospital each agrees to provide the other with evidence of such coverage and immediate notice of any adverse changes to such insurance coverage. In the event that a Party's policy is a "claims-made" policy and is terminated for any reason, such Party shall purchase extended reporting coverage (e.g., "tail coverage") or retroactive coverage for a period of not less than five (5) years following the effective termination date. Said "tail" policy shall have the same policy limits as the expired primary professional liability policy. In furtherance of the above, Physician Group shall be responsible for ensuring that all Physician Group Participating Physicians have adequate coverage, including tail coverage, as specified above.

4.4 Network Roster and Marketing. For each Program approved by the Parties, each Party authorizes the other and/or the applicable Payor to include such Party's contact information as well as each Physician Group Participating Physician's name, business address, business telephone number, medical specialty, medical education information, hospital affiliations, and other similar information in its provider directory or other similar material, which may be included in various marketing materials. Other than the above, each Party agrees not to use the name of the other in any form of advertisement or publication without prior written permission of the other.

5. PHYSICIAN COMPENSATION

5.1 Compensation Generally. For each Program approved by Physician Group, Physician Group agrees to accept as payment in full for Covered Services the compensation set forth in the applicable Program Description. Physician Group understands and agrees that it will invoice and receive payment directly from Hospital; however, Hospital is acting merely as an administrator of payment on behalf of Payors for physician services hereunder, and Hospital is not responsible for compensation or reimbursement due under any Program Description, unless expressly stated otherwise in such Program Description, in the event a Payor fails to pay Hospital and/or Physician Group for services. In furtherance of the above, Physician Group agrees that it will invoice only Hospital for Covered Services hereunder, unless otherwise specifically stated in the Program Description, and in doing so, Physician Group shall comply with the applicable Provider Manual. Hospital and/or Physician Group, as appropriate, shall take all necessary action to enforce the Payor's payment obligations under applicable Program Descriptions. Physician Group hereby waives, releases, relinquishes, and discharges Hospital and its officers, directors, employees, agents, and it's and their successors and assigns, and each of them ("Released Parties") from any and all claims, suits, damages, actions, or manner of actions that Physician Group now has or may in the future have against Released Parties, or any of them, in any way relating to or arising out of any failure to pay compensation or reimbursement to Physician Group for services provided under any Program or Program Description, except with respect to any Program Description which expressly states that Hospital is responsible for making payments to Physician Group. Physician Group agrees the foregoing release shall survive termination of this Agreement for any reason.

5.2 Covered Person Hold Harmless. For each Program approved by Physician Group, unless the requirement is expressly waived in the applicable Program Description, Physician Group hereby agrees that in no event, including, but not limited to, nonpayment, the applicable Payor's insolvency, or breach

of this Agreement, shall Physician Group or any Physician Group Participating Physician bill, charge, collect a deposit from, seek compensation, remuneration, or reimbursement for Covered Services from, or have any recourse against, a Covered Person or any person who may be acting on a Covered Person's behalf other than the applicable Payor. This provision shall not prohibit Physician Group's collection of deductibles, supplemental charges, or co-payments made in accordance with the terms of the Covered Person's benefit plan. Physician Group further agrees that (i) the hold harmless provision in this Section shall survive the termination of this Agreement regardless of the cause, if any, giving rise to the

termination and shall be construed to be for the benefit of Covered Persons and that (ii) the hold harmless provision in this Section supersedes any oral or written contrary agreement now existing or hereafter entered into between Physician Group and any Covered Person, or persons acting on his/her behalf under any Program approved by Physician Group.

5.3 Determination of Covered Services. For each Program approved by Physician Group, Hospital will cause Physician Group to be provided with a schedule of Covered Services for each applicable Program Description and will cause Physician Group to be notified of any amendments or modifications to such schedules. Hospital will also cause Physician Group to be provided with telephone numbers to call to verify Covered Person's eligibility under each such Program.

6. RECORDS

6.1 Records Generally. The Parties hereto shall maintain medical records in a current, detailed, organized comprehensive manner and in accordance with applicable state and federal laws, customary medical practice in the community where the Parties operate, and policies mutually determined by Hospital and Physician Group. Medical records shall be legible, reflect all aspects of pertinent care, contain a current and complete medical history and listing of allergies, medications, and diagnoses. For each patient encounter, there shall be completed, dated, and signed progress notes which, at a minimum, contain the chief complaint or purpose of the visit, diagnosis or findings, and therapeutic plan. Where appropriate, there shall be evidence of follow-up or previous encounters. The Parties agree that each of Hospital, Physician Group and Payors respectively, shall have the right, upon request and, with respect to medical records, upon presentation of a valid patient authorization that complies with all applicable laws and regulations, to inspect at all reasonable times and have copied, any accounting, administrative, and medical records maintained by a Party pertaining to the Covered Person's enrollment or to a Party's participation under this Agreement. Hospital and Physician Group shall provide the other with copies of all medical records and other records relating to claims for provision of Covered Services to a Covered Person reasonably requested pursuant to this Section at no charge.

6.2 Transfer and Confidentiality. The Parties hereto agree to cooperate in the transfer of Covered Persons' medical records to other providers, as necessary or reasonably requested, subject to all applicable federal and state laws and regulations. The Parties further agree to cooperate with each other and any state agency or federal agency in making available, and in arranging or allowing inspection of, such records as may be required under state or federal laws and regulations. The Parties each agree that each Covered Person's medical records and identifiable health information shall be treated as confidential so as to comply with all state and federal laws and regulations regarding the confidentiality, privacy and security of patient records and health information. Notwithstanding termination of this Agreement, the access to records granted hereunder shall survive the termination of this Agreement.

7. TERM AND TERMINATION

7.1 Term and Renewal. This Agreement will be effective on the Effective Date after execution and its initial term shall continue in effect thereafter for one (1) year, subject to the termination provisions of this

Agreement. After the initial term, this Agreement, including all Program Descriptions then in effect, shall be automatically renewed for successive one (1) year terms unless either Party provides to the other at least sixty (60) days' prior written notice of non-renewal. Termination or non-renewal of this Agreement shall terminate the participation in all Programs participation by Physician Group and each Physician Group Participating Physician.

- 7.2 Physician Group's Termination of Participation.** Physician Group may terminate this Agreement for any or no reason, without penalty, upon providing to Hospital ninety (90) days' prior written notice of such termination.
- 7.3 Hospital's Termination of Physician Group's Participation.** Hospital may terminate this Agreement and Physician Group's participation for any or no reason, without penalty, upon providing to Physician Group ninety (90) days' prior written notice of such termination.
- 7.4 Termination For Cause.** Either Party may terminate this Agreement for the material breach of any provision of this Agreement or any policy or procedure adopted by Hospital and by Physician Group upon 30 days' prior written notice. Such notice must specify the exact nature of the breach. Termination shall not take effect if the cause specified in the notice is rectified within the thirty (30) day notice period, unless a longer time period is mutually agreed to by both Parties.
- 7.5 Immediate Suspension from Participation.** Notwithstanding anything to the contrary herein, Hospital may suspend immediately Physician Group or any of Physician Group Participating Physician's participation in any and all Programs upon notice, either written or oral, to Physician Group if Hospital has a reasonable basis for concluding that any of the following has occurred: (i) a suspension or revocation of a Physician Group Participating Physician's license, certificate, or other legal credential authorizing physician to practice medicine; (ii) a suspension or revocation of a Physician Group Participating Physician's controlled substance certificate from the DEA or other right to prescribe medications or controlled substances; (iii) a Physician Group Participating Physician's failure to maintain in good standing clinical privileges at Hospital; (iv) an indictment, arrest, or conviction for any felony or for any criminal charge related to the practice of medicine or to the abuse or neglect of a patient; (v) the cancellation or termination of professional liability insurance as required by this Agreement, without replacement coverage having been obtained; (vi) the exclusion or suspension of Physician Group or any a Physician Group Participating Physician from participation in the Medicare or state health care programs; (vii) a Physician Group Participating Physician is unable to perform his/her obligations pursuant to this Agreement; or (viii) Hospital has determined that immediate suspension of Physician Group or any Physician Group Participating Physician is in the best medical interest of the Covered Persons.
- 7.6 Automatic Termination.** Notwithstanding anything to the contrary herein, this Agreement shall automatically terminate in the event of Physician Group's dissolution.
- 7.7 Effect of Termination.** Any termination of this Agreement will not affect either Party's obligations (including, without limitation any financial obligations) that arose prior to such termination.
- 7.8 Continuation of Services.** Upon any termination of Physician Group's participation, Physician Group, at Hospital's request, shall remain obligated to furnish Covered Services to any Covered Person under Physician Group's care pursuant to a Program approved by Physician Group, who at the time of the termination is a registered inpatient at Hospital or as otherwise described in the Program Description. This Section shall survive the termination of this Agreement regardless of the cause giving rise to termination.

8. PROVIDER MANUAL, AMENDMENTS AND NEW PRODUCTS

- 8.1 Provider Manual.** The Parties hereto may collaborate on the preparation and approval of a Provider Manual to implement the terms of this Agreement and the terms of any Program Description(s). Subject to the provisions of Section 8.2, upon approval of the Provider Manual, or any amendments thereto, the Parties agree to comply with all provisions and procedures set forth therein.

8.2 **Amendments.** This Agreement or the Provider Manual may be amended at any time during the term of this Agreement by Hospital giving sixty (60) days prior written notice of such amendment. In the event an amendment is not acceptable to Physician Group, then, notwithstanding any other provisions of this Agreement, Physician Group may terminate this Agreement as of the date the amendment becomes effective by submitting written notice of termination to Hospital at least thirty (30) days before the amendment's effective date. However, during the sixty (60) day prior notice period, Physician Group shall remain obligated under the terms of this Agreement and any Program Description(s) and the Provider Manual as those terms were in effect prior to the effective date of the amendment, unless Hospital consents to such termination taking effect immediately. In the absence of written notice of termination by Physician Group, Physician Group shall be deemed to have accepted such amendment(s) as of the effective date thereof. Except as provided in this Article 8, no amendment shall be effective unless in writing and signed by Physician Group and Hospital.

9. GENERAL PROVISIONS

9.1 **Assignment.** This Agreement shall not be, in any manner, assigned, delegated, or transferred by Physician Group or Hospital. Any such assignment, delegation, or transfer, shall be null and void without the consent of the other Party.

9.2 **Waiver of Breach.** The waiver by either Party of a breach or violation of any provision of this Agreement shall not be deemed a waiver of any other breach of the same or different provision.

9.3 **Notices.** Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be sent by certified mail, return receipt requested, to the Parties at the addresses set forth on the Execution Page of this Agreement. Such notice shall be effective upon mailing.

9.4 **Severability.** In the event any provision of this Agreement is rendered invalid or unenforceable by any Act of Congress or of the state legislature or by any regulation promulgated by officials of the United States or the applicable state agency, or declared null and void by any court of competent jurisdiction, the remainder of the provisions of this Agreement shall, subject to this Section, remain in full force and effect. In the event that a provision of this Agreement is rendered invalid or unenforceable or declared null and void as provided in this Section and its removal has the effect of materially altering the obligations of any Party in such manner as, in the judgment of the Party affected, (i) will cause serious financial hardship to such Party or (ii) will substantially disrupt and hamper the mutual efforts of the Parties to maintain a cost-efficient means of delivery of health care services, the Party so affected shall have the right to terminate this Agreement upon sixty (60) days prior written notice to the other Party.

9.5 **Headings.** The headings of the sections contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.6 **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California, without regard to such State's statutes and cases concerning choice of laws.

9.7 **Physician Group Offices.** Physician Group shall notify Hospital at least sixty (60) days prior to making any addition or change in office locations.

9.8 **Construction.** Each Program Description approved by Physician Group is enforceable under the terms and conditions therein and in the event of conflict between the language of this Agreement and any such Program Description, the language of the Program Description shall prevail with respect to the terms applicable to, and Covered Persons under, that Program.

- 9.9 Confidential Information.** The Parties agree that all Confidential Information, except medical records of Covered Persons, is the exclusive property of the disclosing Party and that the other Party has no right, title, or interest in the same.
- 9.10 Counterparts.** This Agreement may be executed in counterparts, all of which together shall constitute a single Agreement.
- 9.11 Entire Agreement.** This Agreement and amendments thereto, including all Program Descriptions approved by Physician Group and attachments as are now incorporated or as added from time-to-time pursuant to the terms of this Agreement, constitutes the entire understanding and agreement of the Parties and supersedes any prior written or oral agreement, negotiations, and understandings pertaining to the subject matter hereof.
- 9.12 Compliance with Law.** Hospital and Physician Group shall comply with all federal and state laws, whether or not such laws are specifically stated in this Agreement, which pertain to their respective rights, responsibilities and actions under this Agreement. In furtherance of the above, the Parties shall specifically comply with all applicable provisions of the Knox-Keene Health Care Service Plan Act of 1975, as amended, and the corresponding regulations of the California Department of Managed Health Care, as well as, without limitation, all applicable federal statutes and requirements as mandated by the Centers for Medicare and Medicaid Services and the Balanced Budget Act, as amended from time to time.



PHYSICIAN PARTICIPATION AGREEMENT

EXECUTION PAGE

In consideration of mutual covenants and promises stated herein and other good and valuable consideration, the undersigned have agreed to be bound by the _____ Hospital Physician Participation Agreement, as of the Effective Date stated below.

[_____]

[HOSPITAL]

By _____
(Signature)

By: _____
(Signature)

(Please Print Your Name)

Title: _____

Title: _____

Date _____

Date: _____

EFFECTIVE DATE: _____

Office Address(es):

(Primary Address for Notices and Payments)

Group Tax Identification Number: _____

Physician Participation Agreement
Program Description – Total Knee and Hip Replacement
Contract Parameters

A. Introduction

The negotiated bundled episode payment should include all *Covered Services* provided to a *Covered Person* during the *Episode Period* for:

1. An *Index Procedure* of total knee or total hip replacement for patient with degenerative osteoarthritis;
2. Routine Care appropriate to the Index Procedure; and
3. Patient Complications arising during the stay for *Index Procedure* or during the *Episode Warranty Period* following the surgery, *Included Readmissions* and *Revision Procedures* performed during the Episode Period because of complications associated with the original procedure or for mechanical failure.

Hospital, Physician Group and Payors may mutually agree to include an optional rehabilitation package for an additional negotiated fee.

B. Definitions

1. *Covered Services*. The following services are included in the episode definition and negotiated episode payment. They may not be separately billed by Physician Group or Hospital when treating a Covered Person during the Episode Period.

- During the *Episode Period*, and for any included *Readmission*, Covered Services include:
 - All physicians, anesthesiologists, other attending and consulting physicians, and all professional technical and ancillary services;
 - Preoperative visits after the decision is made to operate beginning with the day of surgery;
 - Intra-operative services that are normally a usual and necessary part of a surgical procedure;
 - All additional medical or surgical services required of the surgeon during the postoperative period of the surgery because of complications which do not require additional trips to the operating room;
 - Follow-up visits during the postoperative period of the surgery that are related to recovery from the surgery;
 - Postsurgical pain management by the surgeon;
 - Supplies, except for those identified as exclusions;
 - Miscellaneous Services (items such as dressing changes; local incisional care; removal of operative pack; removal of cutaneous sutures and staples, lines, wires, tubes, drains, casts, and splints; insertion, irrigation and

removal of urinary catheters, routine peripheral intravenous lines, nasogastric and rectal tubes; and changes and removal of tracheostomy tubes);

- All other medically necessary services and supplies;
- All inpatient and outpatient professional services;
- Transfers during Episode Period to another surgeon, if authorized by the surgeon, unless the level of care or services required are not available at the originating hospital;
- All services provided by originating providers.
- During the *Episode Warranty Period* (including, *Readmission*), Covered Services include:
 - All Covered Services above: outpatient institutional and professional follow-up care, consultations, and related services, including but not limited to medical care, or similar services;
 - All other related episode covered services will be included unless they are clearly caused by injury or disease other than the underlying disease for which the Index Procedure is being undertaken. For example, injuries due to an automobile accident or disease unrelated to the diagnosis of degenerative osteoarthritis (for example, primary care or specialist visits for a dermatologic condition); and
 - Transfers during Episode Period to another surgeon, if authorized by the surgeon, unless the surgeon is unable to provide level of care or services required.
- Covered Services do NOT include the following:
 - The initial consultation or evaluation of the problem by the surgeon to determine the need for surgery;
 - Outpatient prescription drugs;
 - Professional charges for treatment in a skilled nursing facility;
 - Outpatient services clearly unrelated to the Index Procedure or underlying condition, for example, pregnancy or, for osteoarthritis treatment, surgical evaluation and planning for a procedure on a different joint than the one on which the Index Procedure was performed (knee replacement on the other leg); and
 - Inpatient services not provided during the admission for the Index Procedure or an Included Readmission (for example, admission for an appendectomy).

2. *Episode Period:*

- The Episode Period begins on the date of admission for the Index Procedure and continues to the 90th day following the date of the original admission.
- Readmissions (as defined) that begin within the Episode Period are included in the episode price (may not be separately billed), even if the period of readmission extends beyond 90 days following the date of the original

admission. For example, if a patient were readmitted for a surgical site infection on the 89th day of the Episode Period, the Episode Period would be extended until that patient is discharged.

- Patients who elect to have a second Index Procedure (i.e., total knee replacement on the other knee) during the first Episode Period, begin a new 90-day Episode Period on the date of admission for the second surgery.
- For purposes of determining Covered Services, the Episode Period is divided into:
 - The *acute period* begins on the date of admission for the Index Procedure and continues to the date of discharge from the Hospital for the Index Procedure.
 - The *warranty period* begins on the date of discharge from the Hospital for the Index Procedure and continues through the 90th day following date of admission for the Index Procedure.
 - The *rehabilitation period* (only for participants contracting for the optional rehabilitation package) begins on the date of discharge for the Index Procedure and continues through the 21st day following discharge for the Index Procedure.

3. Readmissions. A readmission is defined to mean any subsequent admission to an acute care facility that occurs within the Episode Period. However, whether a Readmission is included in the contracted episode rate (and thus may not be separately billed) depends on: a) the facility where the patient is readmitted, and b) whether the readmission is considered to have been caused by or related to the Index Procedure (according to rules below).

- Hospital and Physician Group agree that patients will be readmitted to Hospital except when: the patient requires emergency admission to a closer facility, the patient requires care that cannot be provided at Hospital, or the patient refuses to be readmitted to the Hospital.
- A readmission at the Hospital is assumed to be related to the Index Procedure and is included in the episode price (may not be separately billed) if the readmission groups to one of the defined set of DRGs below.

Defined DRGs for Index Procedure of Total Knee Replacement

- 175, 176—Pulmonary embolism
- 294, 295—Deep vein thrombophlebitis
- 463, 464, 465—Wnd debrid & skn grft, exc hand, for musculo-conn tiss dis
- 466, 467, 468—Revision of hip or knee replacement
- 485, 486, 487, 488, 489—Knee Procedures with and without pdx of Infection
- 539, 540, 541—Osteomyelitis
- 553, 554—Bone diseases & arthropathies
- 555, 556—Signs & symptoms of musculoskeletal system & conn tissue
- 559, 560, 561—Aftercare, musculoskeletal system & connective tissue
- 564, 565, 566—Other musculoskeletal sys & connective tissues diagnoses
- 602, 603—Cellulitis
- 856, 857, 858, 862, 863—Post-operative or post-traumatic infections
- 870, 871, 872—Septicemia or severe sepsis (note: these DRGs are included only if septicemia is related to a septic joint or central line infection)

- 901, 902, 903—Wound debridements for injuries
- 919, 920, 921—Complications of treatment
- 939, 940, 941—O.R. procedure with diagnosis of other contact w health services

Defined DRGs for Index Procedure of Total Hip Replacement

- 175, 176—Pulmonary embolism
- 294, 295—Deep vein thrombophlebitis
- 463, 464, 465—Wnd debrid & skn grft, exc hand, for musculo-conn tiss dis
- 466, 467, 468—Revision of hip or knee replacement
- 480, 481, 482—Hip & Femur procedures except major joint
- 533, 534—Fractures of Femur
- 535, 536—Fractures hip and pelvis
- 537,538—Sprains, strains, dislocation hip , pelvis, thigh
- 539, 540, 541—Osteomyelitis
- 553, 554—Bone diseases & arthropathies
- 555, 556—Signs & symptoms of musculoskeletal system & conn tissue
- 559, 560, 561—Aftercare, musculoskeletal system & connective tissue
- 564, 565, 566—Other musculoskeletal sys & connective tissues diagnoses
- 602, 603—Cellulitis
- 856, 857, 858, 862, 863—Post-operative or post-traumatic infections
- 870, 871, 872—Septicemia or severe sepsis (note: these DRGs are included only if septicemia is related to a septic joint or central line infection)
- 901, 902, 903—Wound debridements for injuries
- 919, 920, 921—Complications of treatment
- 939, 940, 941—O.R. procedure with diagnosis of other contact w health services

4. Index procedures. The tables below outlines the primary procedure codes (i.e. are in the primary position on the billing code) that will trigger the provisions of this Program Description. Revision procedures other than those occurring with 90-days of an Index Procedure for a patient participating in this Program are also excluded.

Definition of Total Knee Replacement Index Procedure		
<p>Index Procedure Code: This procedure must exist to trigger the episode.</p> <p>CPT:</p> <ul style="list-style-type: none"> 27447—Arthroplasty, knee condyle and plateau, medical and lateral compartments <p>ICD-9 Px:</p> <ul style="list-style-type: none"> 81.54—Total Knee replacement 	<p>DRG: Episode must map to one of these DRGs.</p> <p>MS DRG 470 Major Joint Replacement or Reattachment of Lower Extremity without MCC</p> <p>AND APR DRG SOI of 1 or 2</p>	<p>Diagnosis Exclusions: Diagnosis (any position) must NOT equal one of the following:</p> <p>714.0x—Rheumatoid Arthritis 736.89—Other acquired deformities, lower limb 170.7—Malignant neoplasm of long bones of lower limb 171.3—Malignant neoplasm of soft tissue, lower limb, hip 198.5—Secondary malignant neoplasm of bone, marrow 822, 823, 827, 828. 836, 891—Fractures, dislocations and open wounds 928—Crushing injury</p>
Definition of Total Hip Replacement Index Procedure		
<p>Index Procedure Code: This procedure must exist to trigger the episode.</p> <p>CPT:</p> <ul style="list-style-type: none"> 27130—Arthroplasty, acetabular and proximal femoral prosthetic replacement (total hip arthroplasty), with or without autograft or allograft, or 27125—Hemiarthroplasty, hip, partial (e.g. femoral stem prosthesis, bipolar arthroplasty) (when performed for reasons other than fracture) <p>ICD-9 Px:</p> <ul style="list-style-type: none"> 81.51—Total hip replacement 81.52—Partial hip replacement (when performed for reasons other than fracture) 00.85—Resurfacing hip, total, acetabulum and femoral head 00.86—Resurfacing hip, partial, femoral head 	<p>DRG: Episode must map to one of these DRGs.</p> <p>MS DRG 470 Major Joint Replacement or Reattachment of Lower Extremity without MCC</p> <p>AND APR DRG SOI of 1 or 2</p>	<p>Diagnosis Exclusions: Diagnosis (any position) must NOT equal one of the following:</p> <p>714.0x—Rheumatoid Arthritis 736.89—Other acquired deformities, lower limb 170.7—Malignant neoplasm of long bones of lower limb 171.3—Malignant neoplasm of soft tissue, lower limb, hip 198.5—Secondary malignant neoplasm of bone, marrow 822, 823, 827, 828. 836, 891—Fractures, dislocations and open wounds 928—Crushing injury</p>

5. **Optional rehabilitation package.** If both parties to the contract agree, the episode may include an optional package of rehabilitation services that will be provided during the *rehabilitation period* (defined above under *Episode Period*). This package will include:

- Initial evaluation by a Physical Therapist, including development of a recommended physical therapy plan;
- All Physical Therapy visits in accordance with the recommended physical therapy plan;
- Evaluation by a Home Health Aide or Occupational Therapist of the patient’s physical environment and need for durable medical equipment; and
- Home health visits and/or blood draws to calculate the International Normalized Ratio (INR) for patients receiving anti-coagulant therapy.

6. **Covered Person.** For inclusion in the bundled payment, a patient must be:
- Undergoing surgery provided by an orthopedic surgeon contracting to provide services for the specific health plan;
 - Admitted to Hospital to provide specified services under the Hospital’s Payor agreement;
 - Presenting for the Index Procedure with an American Society of Anesthesiologists (ASA) rating of <3 (and post-discharge assignment to APR-DRG SOI level of 1 or 2);
 - Presenting for the Index Procedure without:
 - Clinical history that demonstrates a clinical condition of active cancer, HIV/AIDS, or End Stage Renal Disease
 - Body Mass Index (BMI) of 40 or greater;
 - Over age 18 and under age 65 on the date of surgery; and
 - Covered (as primary plan) by a participating employer and health plan on date of surgery,
7. **Patient complications.** All Covered Services provided to treat patient complications that arise during the Episode Period are included in the negotiated episode rate, and may not be separately billed through the end of Episode Period. Examples of complications include patients with infections, wound issues or cellulitis. Service examples include: joint injection, pain management, X-Ray or MRI, dislocation, incision and drainage of hip joint, removal of hip prosthesis. (All outpatient services after the end of the Episode Period will be excluded from Covered Services; e.g. treatment for infections that continues for 12 months. However, all costs of an included readmission that begins within the Episode Period even if the readmission extends beyond the 90-day window will be included as a Covered Service).
8. **Revision Procedures.** Revision procedures are included in the episode payment only if performed within the 90-day Episode Period as a result of patient complications or device failure.

Revision Procedures for Knee Replacement		
<p>Procedure Code These procedure codes constitute a covered revision if performed within 90-days of Index Procedure CPT:</p> <ul style="list-style-type: none"> • 27486—Revision joint total knee arthroplasty with or without allograft 1 component • 27487—Revision joint total knee arthroplasty fem and entire tibl component <p>ICD-9 Px:</p> <ul style="list-style-type: none"> ▪ 00.80—Revision of knee repl, total (all components) ▪ 00.81—Revision of knee repl, tibial component ▪ 00.82—Revision of knee repl, femoral component 00.83—Revision of knee replacement, patellar component ▪ 00.84—Revision of knee replacement, tibial insert (linear) ▪ 81.55—Revision of knee replacement, NOS 	<p>DRG: Admission must map to one of these DRGs.</p> <p>MS DRGs 466—Revision of hip or knee replacement with MCC 467—Revision of hip or knee replacement with CC 468—Revision of hip or knee replacement without CC/MCC</p> <p>APR SOI limitation does not apply if patient was included in the bundle for the Index Procedure.</p>	<p>Included Diagnoses:</p> <ul style="list-style-type: none"> ▪ All

Routine care appropriate to the Index Procedure: This includes:

Revision Procedures for Hip Replacement		
<p>Procedure Code These procedure codes constitute a covered revision if performed within 90-days of Index Procedure CPT:</p> <ul style="list-style-type: none"> • 27134—Revision of total hip arthroplasty; both components, with or without autograft or allograft • 27137—Revision total hip arthroplasty, acetabular component only, with or without autograft of allograft • 27138—Revision total hip arthroplasty, femoral component only, with or without autograft or allograft <p>ICD-9 Px:</p> <ul style="list-style-type: none"> ▪ 00.70—Revision of hip repl, both acetabular and femoral components) ▪ 00.71—Revision of hip repl, acetabular component ▪ 00.72—Revision of hip repl, femoral component 00.73—Revision of hip replacement, acetabular liner and/or femoral head only ▪ 00.87—Resurfacing hip, partial, acetabulum 	<p>DRG: Admission must map to one of these DRGs.</p> <p>MS DRGs 466—Revision of hip or knee replacement with MCC 467—Revision of hip or knee replacement with CC 468—Revision of hip or knee replacement without CC/MCC</p> <p>APR SOI limitation does not apply if patient was included in the bundle for the Index Procedure.</p>	<p>Included Diagnoses:</p> <ul style="list-style-type: none"> ▪ All

- Preoperative Visits - Preoperative visits after the decision is made to operate beginning with the day before the day of surgery for major procedures and the day of surgery for minor procedures;
- Postoperative Visits - Follow-up visits during the postoperative period of the surgery that are related to recovery from the surgery;
- Postsurgical Pain Management - By the surgeon;
- Supplies - Except for those identified as exclusions; and Miscellaneous Services - Items such as dressing changes; local incisional care; removal of operative pack; removal of cutaneous sutures and staples, lines, wires, tubes, drains, casts, and splints; insertion, irrigation and removal of urinary catheters, routine peripheral intravenous lines, nasogastric and rectal tubes; and changes and removal of tracheostomy tubes; and
- Diagnostic tests and procedures, including diagnostic radiological procedures.

C. Payment Terms

1. Price: Knee (with or without optional rehab package)
2. Price: Hip (with or without optional rehab package)
3. Bonus based on cost savings or payment of quality incentives applicable to surgeons and other specialists such as anesthesiologists, hospitalists, etc.
4. Stop loss or catastrophic claim provisions if any
5. Collection of patient cost-sharing as required
6. Special payment provisions for incomplete episodes (e.g. transfer or readmission to another facility)

7. General billing and payment terms – per respective Payor agreement or flow developed as part of the project (Could be in Policy Manual)
8. Special tracking or payment provisions re: potential problem areas, e.g. evidence of bias toward selection of healthier or less complicated patients. (Could be in Policy Manual)
9. Episode breakers. Billing and payment terms revert to the master contract when:
 - Patient discharge status is “left against medical advice”
 - Patient is transferred to another facility (further discussion needed, see also covered services)
 - Patient is readmitted to another facility

D. Miscellaneous Provisions

1. **Quality Improvement.** Hospital and Physician Group agree to participate and cooperate with Payors and others as desirable or appropriate for purposes of furthering quality improvement and reporting processes (e.g., quality measure development and reporting, patient education and/or shared-decision making processes). These processes will not include public reporting of quality information unless such reporting is mutually agreed upon in advance by Hospital and Physician Group. [Physician Group shall participate with Hospital in a best practices/quality improvement program which includes, at minimum, an annual meeting and examination of clinical data generated by the Program.]
2. **Authorization Procedures.** In connection with the provision of Covered Services hereunder, each of Hospital and Physician Group shall comply with their respective Authorization procedures as set forth in their applicable Payor Agreements. For purposes of this Section, “Authorization” shall mean the documented approval by Hospital and/or Physician Group respectively, prior to providing Covered Services for which approval is required by the applicable Payor.
3. **Grievance Procedure.** A grievance procedure has been established for the processing of any patient complaint regarding Covered Services furnished by Hospital or Physician Group. Such procedure will be coordinated by Hospital and its contracting Payors. Physician Group shall comply with, and subject to its rights of appeal, shall be bound by such grievance procedure to the extent such procedure is provided in writing to Physician Group.
4. **Coordination of Benefits.** Hospital agrees to coordinate with Physician Group for proper determination of the coordination of benefits and to bill and collect from other payors such charges for which the other payor is responsible. Hospital agrees to promptly notify Physician Group of any third party entity which may be responsible for payment and collection of Coordination of Benefits, if such payment is not to be made pursuant to a Payor Agreement for Covered Services. Such coordination is intended to preclude Hospital and Physician Group from receiving or a Covered Person from paying an aggregate of more than one hundred percent (100%) of the rates set forth in Hospital’s and Physician Group’s applicable Payor Agreement for Covered Services hereunder.
5. **Continuation of Services.** Upon any termination of Physician Group’s participation, Physician Group, at Hospital’s request, shall remain obligated to furnish Covered Services to any Covered Person under Physician Group’s care pursuant to this Program Description, who at the time of termination is a registered inpatient at Hospital or is currently in the Warranty Period following an Index Procedure until the end of the Episode Period.

By _____
(Signature)

By: _____
(Signature)



(Printed Name)

(Printed Name)

Title: _____ Date: _____

Title: _____ Date: _____

EFFECTIVE DATE: _____

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