

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

359



FROM: Human Resources Department

SUBMITTAL DATE:
November 5, 2013

SUBJECT: Professional Services Agreement between Lowell W. Johnson and Riverside County with respect to the operations of the Regional Medical Center

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Professional Services Agreement between Lowell W. Johnson and Riverside County with respect to the operations of the Regional Medical Center (Attachment A).

BACKGROUND:

Summary

The County Executive Office is requesting that the Board enter into an agreement with Lowell W. Johnson for professional services encompassing interim hospital administration. On May 7, 2013, the Board approved an agreement with Huron Consulting, LLC (Huron) to evaluate the financial and operational state of the hospital and develop a strategic plan for the future direction of the Riverside County health and mental health delivery system.

Barbara A. Olivier

Barbara A. Olivier
Assistant County Executive Officer/
Human Resources Director

FORM APPROVED COUNTY COUNSEL
BY: ANITA C. WILLIS
DATE: 10-30-13
Departmental Concurrence

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 450,667	\$ 676,000	\$ 1,126,667	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Riverside County Regional Medical Center
(Enterprise Fund) Budget Adjustment: No
For Fiscal Year: 2013-14

C.E.O. RECOMMENDATION:

APPROVE

BY: *George A. Johnson*
George A. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Tavaglione and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Tavaglione, Stone and Ashley
Nays: Jeffries
Absent: Benoit
Date: November 5, 2013
xc: H.R.

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

Prev. Agn. Ref.: 9/23/13, 4-0

District: _____ Agenda Number: _____

3-64

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Professional Services Agreement between Lowell W. Johnson and Riverside County with respect to the operations of the Regional Medical Center

DATE: November 5, 2013

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

On September 23, 2013, item 4-0, the Board received Huron's reports, which projected that RCRMC's \$50 million budget deficit and systemic operational issues could be reversed in as few as 12 to 18 months by aggressively implementing specific recommendations. Mr. Johnson has been identified to implement Huron's recommendations due to his extensive experience in comprehensive hospital reformation. Mr. Johnson possesses over 35 years of experience as an Interim Chief Executive Officer, Chief Operations Officer, Chief Financial Officer and consultant in healthcare and is a specialist in providing acute executive-level consulting to hospitals encountering significant financial and operational challenges. Mr. Johnson has successfully served in an executive, interim executive, or consultant capacity at over 30 hospitals and healthcare organizations across the country. He is board certified in healthcare management as a Fellow of the American College of Healthcare Executives (FACHE) and earned a Master's Degree in Business Administration from the Wharton Graduate School of Finance and Commerce at the University of Pennsylvania.

The County Executive Office and Human Resources Department have negotiated Mr. Johnson's contract terms and conditions, which are formalized in the attached Agreement. Mr. Johnson has agreed to a rate of \$23,000 paid biweekly (\$598,000 annually), which includes a 14% discount from his standard rate. Mr. Johnson resides in Washington State and must temporarily relocate for the duration of the contracted assignment. He has agreed to a \$3,000 biweekly (\$78,000/annually) payment to cover all living expenses. The total annual cost associated with this request is \$676,000. Mr. Johnson's assignment is expected to extend three to six months beyond Huron Consulting's anticipated stay of 12 to 18 months.

Impact on Citizens and Businesses

No impact on businesses. The expected result of this agreement will be the development of greater efficiency and lower costs overall in the operation of the hospital, with no loss in quality of care.

SUPPLEMENTAL:

Additional Fiscal Information

The position of Hospital administrator will not be filled during the time that Mr. Johnson's contract is effective. Estimated annual salary plus benefits for that position is currently \$494,160.

Contract History and Price Reasonableness

The requested rate of pay is appropriate and in line with the national average for nonprofit hospital administrators. On October 14, 2013, the Journal of the American Medical Association Internal Medicine published a Harvard University study, which indicates that heads of U.S. nonprofit hospitals earned an average of nearly \$600,000 in cash compensation per year, based on 2009 data. Researchers in the study examined seven data sources, including tax forms for nonprofit hospitals in 2009, to determine the salaries of 1,877 chief executive officers of 2,681 hospitals. Their average compensation was \$595,781 in 2009.

Other surveys report similar results. According to Mercer's 2012 Integrated Health Networks Compensation Survey, CEOs at stand-alone hospitals earned an average of approximately \$684,000 in cash compensation for 2012, and are expected to earn \$719,000 in 2013 (As reported in Modern Healthcare, August 12, 2013). A Huron analysis of CEO Compensation at Los Angeles area hospitals demonstrates that the median total compensation exceeds \$1 million when retirement and other benefits are included. Attachment B provides charts describing two of these surveys.

Given his niche skillset, proven track record of hospital transformation and the anticipated financial/budgetary improvements he will produce, Mr. Johnson's cost is a prudent investment.

Attachment A
Professional Services Agreement

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") is entered into and made effective as of the 11th day of November, 2013, by and between the County of Riverside, a political subdivision of the State of California ("County") with respect to the operations of the Riverside County Regional Medical Center ("RCRMC"), a county hospital operating under the laws of the State of California, and Lowell Johnson, "Consultant."

WHEREAS, Consultant is in the business of providing management consulting services to clients in the health care industry; and

WHEREAS, County desires to have a consultant provide certain professional services to RCRMC for the purpose of implementing organizational efficiencies and managing the effective operations of RCRMC;

WHEREAS, Consultant and County are hereby entering into an Agreement for Consultant to provide professional services encompassing the duties of Hospital Administration Consultant to RCRMC pursuant to this Agreement with County.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises of the parties, the parties agree as follows:

1. Term. This Agreement shall be effective as of November 11, 2013, and shall continue through June 30, 2015, unless terminated sooner in accordance with the terms of this Agreement.

2. Services. Consultant agrees to provide management consulting services to RCRMC to include serving as Hospital Administration Consultant to the County Executive Officer in performing such duties that would had been previously performed by the Chief Executive Officer/Hospital Administrator at RCRMC, including, but not limited to, such duties as may be reasonably requested from time to time by the County Executive Officer. Consultant agrees to perform the services pursuant to this Agreement. The County Executive Officer is the representative of the County and RCRMC in the management and oversight of this Agreement and in the performance of Consultant's duties.

a. Consultant agrees that, during the term of this Agreement, he will devote his best efforts to the affairs of RCRMC as set forth herein, , and that Consultant will provide services on-site an average of four (4) to five (5) days per week over the term of the contract, and off-site for such additional time as may be necessary.

b. Consultant shall perform the services and duties in conformance to and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant further represents and warrants to the County that he has and shall maintain all licenses, permits, qualifications and approvals of whatever nature are legally required to practice his profession.

3. Compensation. For all services rendered by Consultant hereunder, the County shall pay Consultant \$23,000 biweekly, payable within seven (7) business days of receipt of invoice.

4. Expenses. Consultant shall not be entitled to expense reimbursement for food, air travel, personal automobile allowance, housing and other similar travel expenses associated with this Agreement. Payment of such expenses is encompassed in Consultant's compensation as set forth in Section 3 herein.

5. Insurance. The parties agree that, as part of the compensation provided to Consultant, Consultant shall be added to the liability coverage for the County of Riverside. The County's liability coverage includes Public Officials Errors and Omissions coverage and Employment Practices liability coverage. The County of Riverside shall not provide workers' compensation or vehicle insurance to the Consultant and Consultant agrees to maintain adequate insurance coverage and limits of liability for all exposures associated with operation of a vehicle as well as any personal injury incurred while performing the duties included within this Agreement.

6. Indemnification. The County hereby agrees to indemnify Consultant and to hold him harmless from and against all claims, liabilities, losses, damages, and expenses (collectively "Losses") as incurred relating to or arising out of: (i) the Agreement, or (ii) any transaction or matter which is related to the subject matter of the Agreement. The County shall not, however, be liable under the foregoing indemnity agreement to the extent that any such Losses are determined to have resulted primarily from the gross negligence or willful misconduct of Consultant in connection with the Agreement.

The County also agrees that Consultant shall be indemnified and held harmless against any Losses, as defined herein, to any person claiming through RCRMC, including without limitation, its subsidiaries, its successors or assignees, affiliates, security holders, creditors, debtors-in-possession, trustee in bankruptcy or similar party for any Losses suffered by RCRMC or any such other person relating to or arising out of: (i) the Agreement, or (ii) any transaction or matter which is related to the subject matter of the Agreement. RCRMC shall not, however, be liable under the foregoing indemnity agreement to the extent that any such Losses are determined by arbitration pursuant to paragraph 11 or are otherwise finally determined, as the case may be, to have resulted primarily from the gross negligence or willful misconduct of Consultant in connection with the Agreement.

Loss for purposes of this Agreement shall mean creditors, contractors or previous contractors of RCRMC that claim monetary damages arising from the business activities of the hospital.

The County acknowledges and agrees that its obligations hereunder shall be in addition to any rights that Consultant may have at law or otherwise.

Consultant shall indemnify and hold harmless the County of Riverside, from any liability whatsoever, based or asserted upon any services of Consultant arising out of; or in any way, relating to this Agreement, including but not limited to property damage, bodily injury, or death

or any other element of any kind or nature whatsoever and resulting from any reason whatsoever arising from the gross negligence and/or willful misconduct of Consultant.

7. Independent Contractor. In performing the obligations hereunder, Consultant acknowledges and agrees that he is an independent contractor and not an agent or employee of the County. It is agreed that nothing in this Agreement or otherwise, creates or shall be construed to create the relationship of master and servant or employer and employee between County and Consultant. Consultant agrees he is an independent contractor for purposes of unemployment compensation, vehicle insurance and worker's compensation, and that he will not be treated as an employee for Federal tax purposes (including, income tax withholding, employee benefit plans and Social Security). Consultant agrees that he is responsible for his own estimated and self-employment taxes, and that he shall be treated as an independent contractor for all purposes, including but not limited to, federal and state taxation, withholding taxes, unemployment insurance, workers compensation, disability insurance and retirement. Consultant understands that as an independent contractor he is not entitled to participate in any County employee benefit plans or programs.

8. Termination.

A. During the term of this Agreement, this Agreement may be terminated by:

(1) Mutual agreement of the parties; or

(2) Either party upon thirty (30) days prior written notice to the other party provided however that neither party shall give such notice prior to October 1, 2014; or

(3) County may, at its option, terminate this Agreement forthwith for "cause", including, without limitation, any obligation to pay Consultant's compensation for the remainder of the Agreement term (except to the extent accrued to the date of termination). For purposes of this Agreement, termination for "cause" shall mean only: (i) charged with a felony or a crime involving moral turpitude or for embezzlement or the misappropriation of corporate assets, (ii) recklessly or willfully engaging in an act or acts of dishonesty resulting in a material gain to Consultant at the expense of RCRMC or (iii) a material failure to fulfill duties and responsibilities under this Agreement: or

(4) County may, at its option, terminate this Agreement forthwith if Consultant is no longer able to provide services pursuant to this Agreement without any obligation to pay Consultant's compensation for the remainder of the Agreement term (except to the extent accrued to the date of termination).

B. Upon termination of this Agreement for any reason, Consultant shall not thereafter be entitled to any further compensation hereunder.

C. In the event that this Agreement or any part hereof is challenged, directly or indirectly, in a bankruptcy or similar proceeding in any manner, including without limitation as an executory contract, then Consultant may treat the Agreement as breached and Consultant shall be entitled to any remedies available, including without limitation, (i) terminating this

Agreement, but any obligations of County already accrued, including without limitation, all indemnification obligations of County to Consultant, shall survive, or (ii) seeking reasonable assurances of County continued performance.

9. Non-Competition and Non-Solicitation.

A. Consultant agrees that during the term of this Agreement, and a period of one (1) year following the expiration or prior termination of this Agreement, Consultant will not directly or indirectly, be employed by or otherwise provide services for a hospital or health system located in the County of Riverside. The foregoing restriction shall not apply if, during the term of this Agreement, the County terminates Consultant without cause and in accordance with paragraph 8.A.(2) above. Further, this restriction shall not be applicable if there is a merger or acquisition of RCRMC.

B. Consultant agrees that, during the term of this Agreement, and a period of one (1) year following the expiration or prior termination of this Agreement, Consultant will not, without the County's express written consent, directly or indirectly, hire or assist any person or entity in hiring or attempting to hire an employee of the County or RCRMC, or any person who was an employee of RCRMC or the County within six (6) months of the hire or attempted hire. The foregoing restriction shall not apply to any interim employees introduced by Consultant to County.

10. Confidentiality. At any time during or after the termination of this Agreement, Consultant shall not, without the prior written consent of County, use, divulge, disclose or make accessible to any other person, firm, partnership, corporation or other entity any Confidential Information (as hereinafter defined) pertaining to the business of County or any of its subsidiaries, except (i) while engaged by County, in the business of and for the benefit of RCRMC, or (ii) when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of County, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Consultant to divulge, disclose or make accessible such information. For purposes of this paragraph, "Confidential Information" shall mean non-public information concerning financial information, business operations, strategic plans, and other non-public, proprietary and confidential information of County, its subsidiaries, and its affiliates that, in any case, is not otherwise available to the public.

11. Dispute Resolution. If a dispute arises between the parties concerning this Agreement or any of the obligations hereunder, the parties shall use their best efforts to resolve the dispute by mutual agreement. In the event the parties are unable to resolve the dispute, prior to initiation of arbitration proceedings, as contemplated herein, the parties shall first submit to mediation with a mediator agreed upon by the parties. The parties shall bear their own costs associated with the mediation. If any dispute cannot be resolved by the parties through mediation, it shall be submitted to arbitration to the exclusion of all other avenues of relief and adjudicated pursuant to rules agreed to by the parties and if they are unable to agree within 30 days, pursuant to the American Arbitration Association's Rules. The decision of the arbitrator must be in writing and shall be final and binding on the parties, and judgment may be entered on

the arbitrator's award in any court having jurisdiction thereof. The expenses of the arbitration shall be borne by the losing party to the arbitration and the prevailing party shall be entitled to recover from the losing party all of its own costs and reasonable attorneys' fees with respect to the arbitration.

12. Assignment and Subcontracting. This Agreement is not subject to assignment. Consultant shall have no right to assign any obligations or benefits of this Agreement. Consultant shall not enter into any subcontracts without the expressed written authorization of the County, subject to County's sole discretion.

13. No Third Party Beneficiaries. There are no third party beneficiaries to this Agreement.

14. Entire Agreement. This Agreement and the attached addendum entitled HIPAA Business Associate Agreement constitute the entire Agreement between the parties with respect to Consultant's services, and any and all prior Agreements with regard to this matter or any other matter are hereby revoked.

15. Amendments. No change or modification of this Agreement shall be valid unless it is in writing and signed by each of the parties.

16. Waiver. No waiver of any provision of this Agreement shall be valid unless it is in writing and signed by the party against whom the waiver is sought to be enforced. The failure of a party to insist upon strict performance of any provision of this Agreement in any one or more instances shall not be construed as a waiver or relinquishment of the right to insist upon strict compliance with such provision in the future.

17. Notices. All notices given pursuant to this Agreement shall be in writing and shall be either personally delivered to or sent by registered or certified mail, postage prepaid, to the parties at the addresses set forth below, or to such other address as each party may hereafter designate by notice to the other party:

To: County

County Administrative Center
4380 Lemon Street, 4th Floor
Riverside, CA 92501

To Consultant:

1569 Parkside Drive East
Seattle, Washington 98112

Attention: Jay Orr, CEO

18. No Exclusion. Consultant represents and warrants that he has not been excluded, suspended or otherwise ineligible to participate in any federal or state health care program or plan including, without limitation, Medicare and Medicaid. Consultant agrees to immediately

notify the County in writing if he (1) violates any federal or state health care law, regulation or policy; (2) becomes aware of any injury or investigation by the government involving RCRMC its subsidiaries or affiliates; or (3) is excluded, debarred, or otherwise sanctioned by any federal, or state health care program or plan including, without limitation, Medicare and Medicaid.

19. Books and Records. Until the expiration of four (4) years after the furnishing of Services pursuant to this Agreement, Consultant agrees to make available, upon written request to the Secretary of Health and Human Services, or upon request to the Comptroller General of the United States, or to any of their duly authorized representatives, this Agreement, and books, documents and records of Consultant that are necessary to certify the extent of any costs of RCRMC or any of its subsidiaries or affiliates arising from this Agreement. Further, if Consultant carries out any of the duties arising from this Agreement through a County authorized subcontract, with a value or cost of \$10,000 or more over a twelve (12) month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such Services pursuant to such subcontract, the related organization shall make available, upon written request to the Secretary of Health and Human Services, or upon request to the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

20. HIPAA Privacy Regulations. Consultant agrees that he shall comply with all applicable regulations, including but not limited to the HIPAA privacy regulations set forth in 45 CFR Parts 160 and 164 and comply with the terms of the HIPAA Business Associate Agreement which is attached hereto as an addendum to this Agreement and made a part hereof by this reference. Consultant agrees that he will not use or further disclose any information subject to the HIPAA privacy regulations (the "Information") in a manner that would violate the requirements of the regulations if done by RCRMC. Consultant will:

(a) Not use or further disclose the Information other than as permitted or required by this Agreement or as required by law;

(b) Use appropriate safeguards to prevent use or disclosure of the Information other than as provided for by this Agreement;

(c) Report to RCRMC any use or disclosure of the Information not provided for by this Agreement of which it becomes aware;

(d) Ensure that any agents, including a subcontractor, to whom it provides the Information received from, or created or received by Consultant on behalf of, RCRMC agrees to the same restrictions and conditions that apply to Consultant with respect to such information;

(e) Make available the Information in accordance with the provisions of 45 CFR § 164.524;

(f) Make available the Information for amendment and incorporate any amendments to the Information in accordance with 45 CFR §164.526;

(g) Make available the Information required to provide an accounting of disclosures in accordance with 45 CFR § 164.528;

(h) Make its internal practices, books, and records relating to the use and disclosure of protected health information received from, or created or received by Consultant on behalf of, RCRMC available to the Secretary for purposes of determining RCRMC's compliance with 45 CFR § 164.504; and

(i) At termination of this Agreement, if feasible, return or destroy all protected health information received from, or created or received by Consultant on behalf of, RCRMC that Consultant still maintains in any form and retain no copies of such information or, if such return or destruction is not feasible, extend the protections of the Agreement to the Information and limit further uses and disclosures to those purposes that make the return or destruction of the Information infeasible.

21. County Compliance. Consultant shall comply with the laws of the State of California, the United States of America and all other - applicable laws and regulations pertaining to the the performance of duties pursuant to this Agreement, including, but not limited to laws and regulations pertaining to the duties to be perform herein, operation of RCRMC, the provision of services therein, and billing for services, including, without limitation, all applicable laws and regulations of the Medicare and Medi-Cal programs. Consultant acknowledges and agrees that nothing in the Agreement shall be construed to require or permit any activity that would constitute a violation of any applicable law or regulation. Consultant agrees to cooperate with County in implementing RCRMC' Corporate Compliance Program or other applicable programs, policies and procedures, as applicable to the Agreement. Consultant agrees to comply with any policies or procedures duly adopted by the County for the purpose of implementing the County Compliance Program, and maintain such records as are reasonable and necessary to document that Consultant is complying with this Agreement.

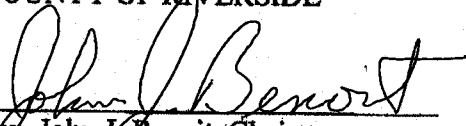
22. Governing Law. It is the intent of the parties hereto that all questions with respect to the construction of this Agreement and the rights and liabilities of the parties shall be determined in accordance with the applicable provisions of the laws of the State of California. Jurisdiction and venue for any dispute arising out of this Agreement shall be in the County of Riverside. The Superior Court for the State of California, County of Riverside shall be the venue for any legal action, except that the parties have agreed that any such dispute shall be first sent to mediation, and if not resolved by mediation, to arbitration in accordance with Section 10 herein.

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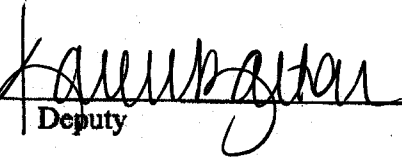
SIGNATURES APPEAR ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date set forth above.

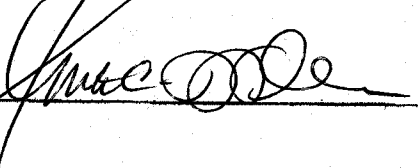
COUNTY OF RIVERSIDE


By: John J. Benoit, Chairman
Board of Supervisors

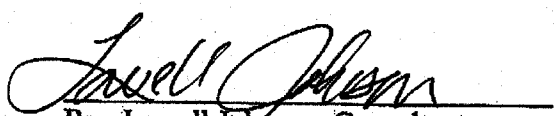
ATTEST:
Kecia Harper-Ihem
CLERK OF THE BOARD

By: 
Deputy

APPROVED AS TO FORM:
Anita Willis,
Asst. County Counsel

By: 

LOWELL JOHNSON


By: Lowell Johnson, Consultant

Attachments:
HIPAA Business Associate Agreement

HIPAA Business Associate Agreement

Addendum to Agreement

Between the County of Riverside and Lowell Johnson

This HIPAA Business Associate Agreement (the "Addendum") supplements, and is made part of the Professional Services Agreement (the "Underlying Agreement") between the County of Riverside ("County") and Lowell Johnson ("Contractor") and shall be effective as of the date the Underlying Agreement is approved by both Parties (the "Effective Date").

RECITALS

WHEREAS, County and Contractor entered into the Underlying Agreement pursuant to which the Contractor provides services to County, and in conjunction with the provision of such services certain protected health information ("PHI") and/or certain electronic protected health information ("ePHI") may be created by or made available to Contractor for the purposes of carrying out its obligations under the Underlying Agreement; and,

WHEREAS, the provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Public Law 104-191 enacted August 21, 1996, and the Health Information Technology for Economic and Clinical Health Act ("HITECH") of the American Recovery and Reinvestment Act of 2009, Public Law 111-5 enacted February 17, 2009, and the laws and regulations promulgated subsequent thereto, as may be amended from time to time, are applicable to the protection of any use or disclosure of PHI and/or ePHI pursuant to the Underlying Agreement; and,

WHEREAS, County is a covered entity, as defined in the Privacy Rule; and,

WHEREAS, to the extent County discloses PHI and/or ePHI to Contractor or Contractor creates, receives, maintains, transmits, or has access to PHI and/or ePHI of County, Contractor is a business associate, as defined in the Privacy Rule; and,

WHEREAS, pursuant to 42 USC §17931 and §17934, certain provisions of the Security Rule and Privacy Rule apply to a business associate of a covered entity in the same manner that they apply to the covered entity, the additional security and privacy requirements of HITECH are applicable to business associates and must be incorporated into the business associate agreement, and a business associate is liable for civil and criminal penalties for failure to comply with these security and/or privacy provisions; and,

WHEREAS, the parties mutually agree that any use or disclosure of PHI and/or ePHI must be in compliance with the Privacy Rule, Security Rule, HIPAA, HITECH and any other applicable law; and,

WHEREAS, the parties intend to enter into this Addendum to address the requirements and obligations set forth in the Privacy Rule, Security Rule, HITECH and HIPAA as they apply to Contractor as a business associate of County, including the establishment of permitted and required uses and disclosures of PHI and/or ePHI created or received by Contractor during the course of performing functions, services and activities on behalf of County, and appropriate limitations and conditions on such uses and disclosures;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. **Definitions.** Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms in HITECH, HIPAA, Security Rule and/or Privacy Rule, as may be amended from time to time.

A. "Breach" when used in connection with PHI means the acquisition, access, use or disclosure of PHI in a manner not permitted under subpart E of the Privacy Rule which compromises the security or privacy of the PHI, and shall have the meaning given such term in 45 CFR §164.402.

(1) Except as provided below in Paragraph (2) of this definition, acquisition, access, use, or disclosure of PHI in a manner not permitted by subpart E of the Privacy Rule is presumed to be a breach unless Contractor demonstrates that there is a low probability that the PHI has been compromised based on a risk assessment of at least the following four factors:

- (a) The nature and extent of the PHI involved, including the types of identifiers and the likelihood of re-identification;
- (b) The unauthorized person who used the PHI or to whom the disclosure was made;
- (c) Whether the PHI was actually acquired or viewed; and
- (d) The extent to which the risk to the PHI has been mitigated.

(2) Breach excludes:

- (a) Any unintentional acquisition, access or use of PHI by a workforce member or person acting under the authority of a covered entity or business associate, if such acquisition, access or use was made in good faith and within the scope of authority and does not result in

further use or disclosure in a manner not permitted under subpart E of the Privacy Rule.

- (b) Any inadvertent disclosure by a person who is authorized to access PHI at a covered entity or business associate to another person authorized to access PHI at the same covered entity, business associate, or organized health care arrangement in which County participates, and the information received as a result of such disclosure is not further used or disclosed in a manner not permitted by subpart E of the Privacy Rule.
- (c) A disclosure of PHI where a covered entity or business associate has a good faith belief that an unauthorized person to whom the disclosure was made would not reasonably have been able to retain such information.

- B. “Business associate” has the meaning given such term in 45 CFR §164.501, including but not limited to a subcontractor that creates, receives, maintains, transmits or accesses PHI on behalf of the business associate.
- C. “Data aggregation” has the meaning given such term in 45 CFR §164.501.
- D. “Designated record set” as defined in 45 CFR §164.501 means a group of records maintained by or for a covered entity that may include: the medical records and billing records about individuals maintained by or for a covered health care provider; the enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or, used, in whole or in part, by or for the covered entity to make decisions about individuals.
- E. “Electronic protected health information” (“ePHI”) as defined in 45 CFR §160.103 means protected health information transmitted by or maintained in electronic media.
- F. “Electronic health record” means an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff, and shall have the meaning given such term in 42 USC §17921(5).
- G. “Health care operations” has the meaning given such term in 45 CFR §164.501.
- H. “Individual” as defined in 45 CFR §160.103 means the person who is the subject of protected health information.
- I. “Person” as defined in 45 CFR §160.103 means a natural person, trust or estate, partnership, corporation, professional association or corporation, or other entity, public or private.

- J. “Privacy Rule” means the HIPAA regulations codified at 45 CFR Parts 160 and 164, Subparts A and E.
- K. “Protected health information” (“PHI”) has the meaning given such term in 45 CFR §160.103, which includes ePHI.
- L. “Required by law” has the meaning given such term in 45 CFR §164.103.
- M. “Secretary” means the Secretary of the U.S. Department of Health and Human Services (“HHS”).
- N. “Security incident” as defined in 45 CFR §164.304 means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.
- O. “Security Rule” means the HIPAA Regulations codified at 45 CFR Parts 160 and 164, Subparts A and C.
- P. “Subcontractor” as defined in 45 CFR §160.103 means a person to whom a business associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of such business associate.
- Q. “Unsecured protected health information” and “unsecured PHI” as defined in 45 CFR §164.402 means PHI not rendered unusable, unreadable, or indecipherable to unauthorized persons through use of a technology or methodology specified by the Secretary in the guidance issued under 42 USC §17932(h)(2).

2. **Scope of Use and Disclosure by Contractor of County’s PHI and/or ePHI.**

- A. Except as otherwise provided in this Addendum, Contractor may use, disclose, or access PHI and/or ePHI as necessary to perform any and all obligations of Contractor under the Underlying Agreement or to perform functions, activities or services for, or on behalf of, County as specified in this Addendum, if such use or disclosure does not violate HIPAA, HITECH, the Privacy Rule and/or Security Rule.
- B. Unless otherwise limited herein, in addition to any other uses and/or disclosures permitted or authorized by this Addendum or required by law, in accordance with 45 CFR §164.504(e)(2), Contractor may:
 - (1) Use PHI and/or ePHI if necessary for Contractor’s proper management and administration and to carry out its legal responsibilities; and,
 - (2) Disclose PHI and/or ePHI for the purpose of Contractor’s proper management and administration or to carry out its legal responsibilities, only if:

- (a) The disclosure is required by law; or,
 - (b) Contractor obtains reasonable assurances, in writing, from the person to whom Contractor will disclose such PHI and/or ePHI that the person will:
 - (i) Hold such PHI and/or ePHI in confidence and use or further disclose it only for the purpose for which Contractor disclosed it to the person, or as required by law; and,
 - (ii) Notify Contractor of any instances of which it becomes aware in which the confidentiality of the information has been breached; and,
 - (3) Use PHI to provide data aggregation services relating to the health care operations of County pursuant to the Underlying Agreement or as requested by County; and,
 - (4) De-identify all PHI and/or ePHI of County received by Contractor under this Addendum provided that the de-identification conforms to the requirements of the Privacy Rule and/or Security Rule and does not preclude timely payment and/or claims processing and receipt.
- C. Notwithstanding the foregoing, in any instance where applicable state and/or federal laws and/or regulations are more stringent in their requirements than the provisions of HIPAA, including, but not limited to, prohibiting disclosure of mental health and/or substance abuse records, the applicable state and/or federal laws and/or regulations shall control the disclosure of records.

3. **Prohibited Uses and Disclosures.**

- A. Contractor may neither use, disclose, nor access PHI and/or ePHI in a manner not authorized by the Underlying Agreement or this Addendum without patient authorization or de-identification of the PHI and/or ePHI and as authorized in writing from County.
- B. Contractor may neither use, disclose, nor access PHI and/or ePHI it receives from County or from another business associate of County, except as permitted or required by this Addendum, or as required by law.
- C. Contractor agrees not to make any disclosure of PHI and/or ePHI that County would be prohibited from making.
- D. Contractor shall not use or disclose PHI for any purpose prohibited by the Privacy Rule, Security Rule, HIPAA and/or HITECH, including, but not limited to 42 USC §17935 and §17936. Contractor agrees:

(1) Not to use or disclose PHI for fundraising, unless pursuant to the Underlying Agreement and only if permitted by and in compliance with the requirements of 45 CFR §164.514(f) or 45 CFR §164.508;

(2) Not to use or disclose PHI for marketing, as defined in 45 CFR §164.501, unless pursuant to the Underlying Agreement and only if permitted by and in compliance with the requirements of 45 CFR §164.508(a)(3);

(3) Not to disclose PHI, except as otherwise required by law, to a health plan for purposes of carrying out payment or health care operations, if the individual has requested this restriction pursuant to 42 USC §17935(a) and 45 CFR §164.522, and has paid out of pocket in full for the health care item or service to which the PHI solely relates; and,

(4) Not to receive, directly or indirectly, remuneration in exchange for PHI, or engage in any act that would constitute a sale of PHI, as defined in 45 CFR §164.502(a)(5)(ii), unless permitted by the Underlying Agreement and in compliance with the requirements of a valid authorization under 45 CFR §164.508(a)(4). This prohibition shall not apply to payment by County to Contractor for services provided pursuant to the Underlying Agreement.

4. **Obligations of County.**

- A. County agrees to make its best efforts to notify Contractor promptly in writing of any restrictions on the use or disclosure of PHI and/or ePHI agreed to by County that may affect Contractor's ability to perform its obligations under the Underlying Agreement, or this Addendum.
- B. County agrees to make its best efforts to promptly notify Contractor in writing of any changes in, or revocation of, permission by any individual to use or disclose PHI and/or ePHI, if such changes or revocation may affect Contractor's ability to perform its obligations under the Underlying Agreement, or this Addendum.
- C. County agrees to make its best efforts to promptly notify Contractor in writing of any known limitation(s) in its notice of privacy practices to the extent that such limitation may affect Contractor's use or disclosure of PHI and/or ePHI.
- D. County agrees not to request Contractor to use or disclose PHI and/or ePHI in any manner that would not be permissible under HITECH, HIPAA, the Privacy Rule, and/or Security Rule.
- E. County agrees to obtain any authorizations necessary for the use or disclosure of PHI and/or ePHI, so that Contractor can perform its obligations under this Addendum and/or Underlying Agreement.

5. **Obligations of Contractor.** In connection with the use or disclosure of PHI and/or ePHI, Contractor agrees to:
- A. Use or disclose PHI only if such use or disclosure complies with each applicable requirement of 45 CFR §164.504(e). Contractor shall also comply with the additional privacy requirements that are applicable to covered entities in HITECH, as may be amended from time to time.
 - B. Not use or further disclose PHI and/or ePHI other than as permitted or required by this Addendum or as required by law. Contractor shall promptly notify County if Contractor is required by law to disclose PHI and/or ePHI.
 - C. Use appropriate safeguards and comply, where applicable, with the Security Rule with respect to ePHI, to prevent use or disclosure of PHI and/or ePHI other than as provided for by this Addendum.
 - D. Mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of PHI and/or ePHI by Contractor in violation of this Addendum.
 - E. Report to County any use or disclosure of PHI and/or ePHI not provided for by this Addendum or otherwise in violation of HITECH, HIPAA, the Privacy Rule, and/or Security Rule of which Contractor becomes aware, including breaches of unsecured PHI as required by 45 CFR §164.410.
 - F. In accordance with 45 CFR §164.502(e)(1)(ii), require that any subcontractors that create, receive, maintain, transmit or access PHI on behalf of the Contractor agree through contract to the same restrictions and conditions that apply to Contractor with respect to such PHI and/or ePHI, including the restrictions and conditions pursuant to this Addendum.
 - G. Make available to County or the Secretary, in the time and manner designated by County or Secretary, Contractor's internal practices, books and records relating to the use, disclosure and privacy protection of PHI received from County, or created or received by Contractor on behalf of County, for purposes of determining, investigating or auditing Contractor's and/or County's compliance with the Privacy Rule.
 - H. Request, use or disclose only the minimum amount of PHI necessary to accomplish the intended purpose of the request, use or disclosure in accordance with 42 USC §17935(b) and 45 CFR §164.502(b)(1).
 - I. Comply with requirements of satisfactory assurances under 45 CFR §164.512 relating to notice or qualified protective order in response to a third party's subpoena, discovery request, or other lawful process for the disclosure of PHI,

which Contractor shall promptly notify County upon Contractor's receipt of such request from a third party.

- J. Not require an individual to provide patient authorization for use or disclosure of PHI as a condition for treatment, payment, enrollment in any health plan (including the health plan administered by County), or eligibility of benefits, unless otherwise excepted under 45 CFR §164.508(b)(4) and authorized in writing by County.
- K. Use appropriate administrative, technical and physical safeguards to prevent inappropriate use, disclosure, or access of PHI and/or ePHI.
- L. Obtain and maintain knowledge of applicable laws and regulations related to HIPAA and HITECH, as may be amended from time to time.
- M. Comply with the requirements of the Privacy Rule that apply to the County to the extent Contractor is to carry out County's obligations under the Privacy Rule.
- N. Take reasonable steps to cure or end any pattern of activity or practice of its subcontractor of which Contractor becomes aware that constitute a material breach or violation of the subcontractor's obligations under the business associate contract with Contractor, and if such steps are unsuccessful, Contractor agrees to terminate its contract with the subcontractor if feasible.

6. **Access to PHI, Amendment and Disclosure Accounting.** Contractor agrees to:

- A. **Access to PHI, including ePHI.** Provide access to PHI, including ePHI if maintained electronically, in a designated record set to County or an individual as directed by County, within five (5) days of request from County, to satisfy the requirements of 45 CFR §164.524.
- B. **Amendment of PHI.** Make PHI available for amendment and incorporate amendments to PHI in a designated record set County directs or agrees to at the request of an individual, within fifteen (15) days of receiving a written request from County, in accordance with 45 CFR §164.526.
- C. **Accounting of disclosures of PHI and electronic health record.** Assist County to fulfill its obligations to provide accounting of disclosures of PHI under 45 CFR §164.528 and, where applicable, electronic health records under 42 USC §17935(c) if Contractor uses or maintains electronic health records. Contractor shall:
 - (1) Document such disclosures of PHI and/or electronic health records, and information related to such disclosures, as would be required for County to respond to a request by an individual for an accounting of disclosures of PHI and/or electronic health record in accordance with 45 CFR §164.528.

- (2) Within fifteen (15) days of receiving a written request from County, provide to County or any individual as directed by County information collected in accordance with this section to permit County to respond to a request by an individual for an accounting of disclosures of PHI and/or electronic health record.
- (3) Make available for County information required by this Section 6.C for six (6) years preceding the individual's request for accounting of disclosures of PHI, and for three (3) years preceding the individual's request for accounting of disclosures of electronic health record.

7. **Security of ePHI.** In the event County discloses ePHI to Contractor or Contractor needs to create, receive, maintain, transmit or have access to County ePHI, in accordance with 42 USC §17931 and 45 CFR §164.314(a)(2)(i), and §164.306, Contractor shall:

- A. Comply with the applicable requirements of the Security Rule, and implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of ePHI that Contractor creates, receives, maintains, or transmits on behalf of County in accordance with 45 CFR §164.308, §164.310, and §164.312;
- B. Comply with each of the requirements of 45 CFR §164.316 relating to the implementation of policies, procedures and documentation requirements with respect to ePHI;
- C. Protect against any reasonably anticipated threats or hazards to the security or integrity of ePHI;
- D. Protect against any reasonably anticipated uses or disclosures of ePHI that are not permitted or required under the Privacy Rule;
- E. Ensure compliance with the Security Rule by Contractor's workforce;
- F. In accordance with 45 CFR §164.308(b)(2), require that any subcontractors that create, receive, maintain, transmit, or access ePHI on behalf of Contractor agree through contract to the same restrictions and requirements contained in this Addendum and comply with the applicable requirements of the Security Rule;
- G. Report to County any security incident of which Contractor becomes aware, including breaches of unsecured PHI as required by 45 CFR §164.410; and,
- H. Comply with any additional security requirements that are applicable to covered entities in Title 42 (Public Health and Welfare) of the United States Code, as may be amended from time to time, including but not limited to HITECH.

8. **Breach of Unsecured PHI.** In the case of breach of unsecured PHI, Contractor shall comply with the applicable provisions of 42 USC §17932 and 45 CFR Part 164, Subpart D, including but not limited to 45 CFR §164.410.

A. **Discovery and notification.** Following the discovery of a breach of unsecured PHI, Contractor shall notify County in writing of such breach without unreasonable delay and in no case later than 60 calendar days after discovery of a breach, except as provided in 45 CFR §164.412.

(1) **Breaches treated as discovered.** A breach is treated as discovered by Contractor as of the first day on which such breach is known to Contractor or, by exercising reasonable diligence, would have been known to Contractor, which includes any person, other than the person committing the breach, who is an employee, officer, or other agent of Contractor (determined in accordance with the federal common law of agency).

(2) **Content of notification.** The written notification to County relating to breach of unsecured PHI shall include, to the extent possible, the following information if known (or can be reasonably obtained) by Contractor:

- (a) The identification of each individual whose unsecured PHI has been, or is reasonably believed by Contractor to have been accessed, acquired, used or disclosed during the breach;
- (b) A brief description of what happened, including the date of the breach and the date of the discovery of the breach, if known;
- (c) A description of the types of unsecured PHI involved in the breach, such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved;
- (d) Any steps individuals should take to protect themselves from potential harm resulting from the breach;
- (e) A brief description of what Contractor is doing to investigate the breach, to mitigate harm to individuals, and to protect against any further breaches; and,
- (f) Contact procedures for individuals to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, web site, or postal address.

B. **Cooperation.** With respect to any breach of unsecured PHI reported by Contractor, Contractor shall cooperate with County and shall provide County with

any information requested by County to enable County to fulfill in a timely manner its own reporting and notification obligations, including but not limited to providing notice to individuals, prominent media outlets and the Secretary in accordance with 42 USC §17932 and 45 CFR §164.404, §164.406 and §164.408.

- C. **Breach log.** To the extent breach of unsecured PHI involves less than 500 individuals, Contractor shall maintain a log or other documentation of such breaches and provide such log or other documentation on an annual basis to County not later than fifteen (15) days after the end of each calendar year for submission to the Secretary.
- D. **Delay of notification authorized by law enforcement.** If Contractor delays notification of breach of unsecured PHI pursuant to a law enforcement official's statement that required notification, notice or posting would impede a criminal investigation or cause damage to national security, Contractor shall maintain documentation sufficient to demonstrate its compliance with the requirements of 45 CFR §164.412.
- E. **Payment of costs.** With respect to any breach of unsecured PHI caused solely by the Contractor's failure to comply with one or more of its obligations under this Addendum and/or the provisions of HITECH, HIPAA, the Privacy Rule or the Security Rule, Contractor agrees to pay any and all costs associated with providing all legally required notifications to individuals, media outlets, and the Secretary. This provision shall not be construed to limit or diminish Contractor's obligations to indemnify, defend and hold harmless County under Section 9 of this Addendum.
- F. **Documentation.** Pursuant to 45 CFR §164.414(b), in the event Contractor's use or disclosure of PHI and/or ePHI violates the Privacy Rule, Contractor shall maintain documentation sufficient to demonstrate that all notifications were made by Contractor as required by 45 CFR Part 164, Subpart D, or that such use or disclosure did not constitute a breach, including Contractor's completed risk assessment and investigation documentation.
- G. **Additional State Reporting Requirements.** The parties agree that this Section 8.G applies only if and/or when County, in its capacity as a licensed clinic, health facility, home health agency, or hospice, is required to report unlawful or unauthorized access, use, or disclosure of medical information under the more stringent requirements of California Health & Safety Code §1280.15. For purposes of this Section 8.G, "unauthorized" has the meaning given such term in California Health & Safety Code §1280.15(j)(2).
 - (1) Contractor agrees to assist County to fulfill its reporting obligations to affected patients and to the California Department of Public Health

("CDPH") in a timely manner under the California Health & Safety Code §1280.15.

- (2) Contractor agrees to report to County any unlawful or unauthorized access, use, or disclosure of patient's medical information without unreasonable delay and no later than two (2) business days after Contractor detects such incident. Contractor further agrees such report shall be made in writing, and shall include substantially the same types of information listed above in Section 8.A.2 (Content of Notification) as applicable to the unlawful or unauthorized access, use, or disclosure as defined above in this section, understanding and acknowledging that the term "breach" as used in Section 8.A.2 does not apply to California Health & Safety Code §1280.15.

9. **Hold Harmless/Indemnification.**

- A. Contractor agrees to indemnify and hold harmless County, all Agencies, Districts, Special Districts and Departments of County, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives from any liability whatsoever, based or asserted upon any services of Contractor, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Addendum, including but not limited to property damage, bodily injury, death, or any other element of any kind or nature whatsoever arising from the performance of Contractor, its officers, agents, employees, subcontractors, agents or representatives from this Addendum. Contractor shall defend, at its sole expense, all costs and fees, including but not limited to attorney fees, cost of investigation, defense and settlements or awards, of County, all Agencies, Districts, Special Districts and Departments of County, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents or representatives in any claim or action based upon such alleged acts or omissions.
- B. With respect to any action or claim subject to indemnification herein by Contractor, Contractor shall, at their sole cost, have the right to use counsel of their choice, subject to the approval of County, which shall not be unreasonably withheld, and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of County; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Contractor's indemnification to County as set forth herein. Contractor's obligation to defend, indemnify and hold harmless County shall be subject to County having given Contractor written notice within a reasonable period of time of the claim or of the commencement of the related action, as the case may be, and information and reasonable assistance, at Contractor's expense,

for the defense or settlement thereof. Contractor's obligation hereunder shall be satisfied when Contractor has provided to County the appropriate form of dismissal relieving County from any liability for the action or claim involved.

- C. The specified insurance limits required in the Underlying Agreement of this Addendum shall in no way limit or circumscribe Contractor's obligations to indemnify and hold harmless County herein from third party claims arising from issues of this Addendum.
 - D. In the event there is conflict between this clause and California Civil Code §2782, this clause shall be interpreted to comply with Civil Code §2782. Such interpretation shall not relieve the Contractor from indemnifying County to the fullest extent allowed by law.
 - E. In the event there is a conflict between this indemnification clause and an indemnification clause contained in the Underlying Agreement of this Addendum, this indemnification shall only apply to the subject issues included within this Addendum.
10. **Term.** This Addendum shall commence upon the Effective Date and shall terminate when all PHI and/or ePHI provided by County to Contractor, or created or received by Contractor on behalf of County, is destroyed or returned to County, or, if it is infeasible to return or destroy PHI and/ePHI, protections are extended to such information, in accordance with section 11.B of this Addendum.
11. **Termination.**
- A. **Termination for Breach of Contract.** A breach of any provision of this Addendum by either party shall constitute a material breach of the Underlying Agreement and will provide grounds for terminating this Addendum and the Underlying Agreement with or without an opportunity to cure the breach, notwithstanding any provision in the Underlying Agreement to the contrary. Either party, upon written notice to the other party describing the breach, may take any of the following actions:
 - (1) Terminate the Underlying Agreement and this Addendum, effective immediately, if the other party breaches a material provision of this Addendum.
 - (2) Provide the other party with an opportunity to cure the alleged material breach and in the event the other party fails to cure the breach to the satisfaction of the non-breaching party in a timely manner, the non-breaching party has the right to immediately terminate the Underlying Agreement and this Addendum.

- (3) If termination of the Underlying Agreement is not feasible, the breaching party, upon the request of the non-breaching party, shall implement, at its own expense, a plan to cure the breach and report regularly on its compliance with such plan to the non-breaching party.

B. Effect of Termination.

- (1) Upon termination of this Addendum, for any reason, Contractor shall return or, if agreed to in writing by County, destroy all PHI and/or ePHI received from County, or created or received by the Contractor on behalf of County, and, in the event of destruction, Contractor shall certify such destruction, in writing, to County. This provision shall apply to all PHI and/or ePHI which are in the possession of subcontractors or agents of Contractor. Contractor shall retain no copies of PHI and/or ePHI, except as provided below in paragraph (2) of this section.
- (2) In the event that Contractor determines that returning or destroying the PHI and/or ePHI is not feasible, Contractor shall provide written notification to County of the conditions that make such return or destruction not feasible. Upon determination by Contractor that return or destruction of PHI and/or ePHI is not feasible, Contractor shall extend the protections of this Addendum to such PHI and/or ePHI and limit further uses and disclosures of such PHI and/or ePHI to those purposes which make the return or destruction not feasible, for so long as Contractor maintains such PHI and/or ePHI.

12. General Provisions.

- A. **Retention Period.** Whenever Contractor is required to document or maintain documentation pursuant to the terms of this Addendum, Contractor shall retain such documentation for 6 years from the date of its creation or as otherwise prescribed by law, whichever is later.
- B. **Amendment.** The parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for County to comply with HITECH, the Privacy Rule, Security Rule, and HIPAA generally.
- C. **Survival.** The obligations of Contractor under Sections 3, 5, 6, 7, 8, 9, 11.B and 12.A of this Addendum shall survive the termination or expiration of this Addendum.
- D. **Regulatory and Statutory References.** A reference in this Addendum to a section in HITECH, HIPAA, the Privacy Rule and/or Security Rule means the section(s) as in effect or as amended.

E. **Conflicts.** The provisions of this Addendum shall prevail over any provisions in the Underlying Agreement that conflict or appear inconsistent with any provision in this Addendum.

F. **Interpretation of Addendum.**

(1) This Addendum shall be construed to be part of the Underlying Agreement as one document. The purpose is to supplement the Underlying Agreement to include the requirements of the Privacy Rule, Security Rule, HIPAA and HITECH.

(2) Any ambiguity between this Addendum and the Underlying Agreement shall be resolved to permit County to comply with the Privacy Rule, Security Rule, HIPAA and HITECH generally.

G. **Notices to County.** All notifications required to be given by Contractor to County pursuant to the terms of this Addendum shall be made in writing and delivered to the County both by fax and to both of the addresses listed below by either registered or certified mail return receipt requested or guaranteed overnight mail with tracing capability, or at such other address as County may hereafter designate. All notices to County provided by Contractor pursuant to this Section shall be deemed given or made when received by County.

County HIPAA Privacy Officer: HIPAA Privacy Manager

County HIPAA Privacy Officer Address: P.O. Box 1569
Riverside, CA 92502

County HIPAA Privacy Officer Fax: (951) 955-HIPAA or (951) 955-4472

County Departmental Officer: _____

County Departmental Officer Title: _____

County Department Address: _____

County Department Fax Number: _____

Attachment B

Executive Compensation Surveys for Hospitals

Special Feature

EXECUTIVE COMPENSATION—HOSPITALS

Selected titles, ranked by average total cash compensation, 2013 (\$ in thousands)

C-SUITE EXECUTIVES Title (number surveyed)	Median						Average		
	Base		Percentage change	Total cash compensation		Percentage change	Total cash compensation		Percentage change
	2013	2012		2013	2012		2013	2012	
President and CEO, (59) free-standing hospital	\$547.0	\$540.0	1.3%	\$636.0	\$619.2	2.7%	\$719.5	\$683.6	5.3%
President and CEO, (376) system hospital	348.2	344.9	1.0	444.8	420.1	5.9	461.0	438.5	5.1
Chief operating officer, (98) free-standing hospital	370.4	352.3	5.1	412.1	395.0	4.3	427.0	412.7	3.5
Chief medical officer, (41) free-standing hospital	368.5	350.0	5.3	400.1	384.0	4.2	420.9	397.8	5.8
Chief financial officer, (62) free-standing hospital	347.6	335.5	3.6	378.9	370.0	2.4	391.0	380.3	2.8
Chief medical officer, (89) system hospital	317.0	315.0	0.6	338.9	327.1	3.6	367.0	350.7	4.6
Chief information officer, (78)	272.8	256.7	6.3	294.4	274.5	7.2	315.9	300.4	5.2
Chief operating officer, (193) system hospital	211.9	205.1	3.3	252.8	247.5	2.1	269.3	259.1	3.9
Chief financial officer, (238) system hospital	211.1	204.7	3.1	251.0	241.5	3.9	263.8	250.8	5.2
Chief nursing officer (201)	200.8	200.0	0.4	229.1	223.5	2.5	242.6	230.7	5.2
OTHER EXECUTIVES									
Legal services (62)	\$306.4	\$289.5	5.8%	\$353.1	\$339.7	4.0%	\$368.9	\$352.1	4.8%
Quality management (non-MD) (33)	277.8	254.6	9.1	296.9	277.2	7.1	291.6	277.5	5.1
Ambulatory services (27)	245.0	230.0	6.5	265.2	238.9	11.0	271.1	263.4	2.9
Fund development (103)	203.3	193.7	4.9	227.8	214.7	6.1	262.1	250.6	4.6
Patient care executive (123)	212.0	210.0	1.0	237.9	225.0	5.7	256.3	246.8	3.9
Human resources (150)	202.4	195.0	3.8	220.6	217.7	1.3	246.4	236.8	4.1
Planning (24)	219.2	215.5	1.7	222.2	226.8	-2.0	243.4	237.5	2.5
Professional services (76)	201.3	196.7	2.4	220.7	218.3	1.1	241.8	230.9	4.7
Quality management (MD) (20)	200.8	187.0	7.4	215.8	198.9	8.5	233.4	224.2	4.1
Facilities and engineering (32)	217.4	201.5	7.9	226.9	209.1	8.5	230.9	229.3	0.7
Compliance executive (30)	191.8	188.2	1.9	208.2	199.8	4.2	229.8	224.2	2.5
Marketing (34)	198.0	191.2	3.6	206.8	200.7	3.0	221.1	212.7	4.0
Support services executive (40)	176.4	170.9	3.2	195.8	187.2	4.6	208.5	201.2	3.7
Public affairs (22)	163.1	159.9	2.0	173.4	166.4	4.2	202.9	200.6	1.1
Business development executive (52)	161.6	147.5	9.6	180.1	169.1	6.6	202.8	192.6	5.3

Note: Data are from a constant sample. All numbers rounded.

Source: Sullivan, Cotter and Associates

CEO Compensation

LOS ANGELES AREA

Huron Healthcare

Entity	CEO Name	2012 Salary	2012 Bonus	2012 Other Compensation	2012 Total Compensation	2011 Salary	2011 Bonus	2011 Other Compensation	2011 Total Compensation	Form 990, 2011
Cedars-Sinai Medical Center	Thomas Priselac	\$ 1,121,450	\$ 848,990	\$ 1,348,703	\$ 504,618	\$ 25,386	\$ 3,849,147	\$ 376,955	Form 990, 2011	
UCLA	David Feinberg	900,011	-	521,452	-	-	1,421,463	-	Link	
Hoag Hospital	Richard Afable ¹	668,247	323,490	150,508	197,358	16,421	1,356,024	-	Form 990, Schedule J, 2011	
Saint Johns	Lou Lazatin ²	504,961	517,166	93,429	33,652	6,398	1,155,606	-	Form 990, 2011	
St. Vincent Medical Center	Catherine Fickes	464,681	-	210,844	87,633	27,937	791,095	169,824	Form 990, 2011	
Good Samaritan Hospital	Andrew Leeka	511,436	-	7,899	7,350	3,180	529,865	-	Form 990, 2011	

¹ Hoag Memorial Hospital Presbyterian Names Robert Braithwaite President and CEO. March 1, 2013

² Santa Monica hospital ousts top execs, most of its board. Los Angeles Times, Dec 1, 2012