

# **AFFILIATION AGREEMENT**

*Between*

**The Regents of the University of California**

*and*

**The City and County of San Francisco**

**(August 1, 1994)**

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**EXHIBITS:**

- A: Hospital Campus
- B: Department of Public Health Mission Statement
- C: San Francisco Administrative Code, Chapter 12B
- D: Insurance Requirements
- E: Faculty Research Space
- F: Physician Transfer

**AFFILIATION AGREEMENT  
BETWEEN  
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA  
AND  
THE CITY AND COUNTY OF SAN FRANCISCO**

**RECITALS**

**The Parties**

This Agreement is made and entered into this first day of August, 1994, by and between the City/County of San Francisco, a municipal corporation ("City/County") and The Regents of the University of California, a constitutional corporation under Article IX, Section 9, of the California Constitution, on behalf of the University of California, San Francisco ("University").

**Mission of the Department of Public Health of the City/County of San Francisco and the San Francisco General Hospital**

WHEREAS: The mission of the Department of Public Health of the City/County is to assess health needs, set health policy, and, to the extent possible, provide access to quality, cost-effective health services to the San Francisco community, particularly for those who may experience limited access to other providers due to financial, social, cultural, geographic, or medical reasons, or who have other special needs; and

WHEREAS: It is the strong commitment of the City/County to provide quality health care through a comprehensive and integrated system of services and San Francisco General Hospital (the "Hospital") is an essential component of that system; and, to that end, San Francisco General Hospital will pursue the mission of the Department of Public Health as set forth in Exhibit B; and

WHEREAS: The services of San Francisco General Hospital should, to the extent possible, be made accessible to all San Francisco residents, be provided in the most effective and efficient manner possible in cooperation with other health care providers, and seek the most appropriate use of overall health care resources in the City/County; and

**Mission of the University of California, San Francisco**

WHEREAS: The mission of the University, through its Schools of Medicine, Dentistry, Nursing, and Pharmacy, and its Medical Center, is to provide quality professional graduate and post-graduate education, to conduct innovative medical research, to transmit medical knowledge, and to provide education, public service, and quality health care to the San Francisco community and throughout the state of California; and

**Mission of Affiliation**

WHEREAS: The City/County and the University believe that their missions are complementary and agree that it is in their best interests to continue to fulfill their respective missions through an affiliation; and

WHEREAS: This relationship has existed for over one hundred years as an informal relationship and, since 1959, pursuant to a written agreement;

**THEREFORE:** The parties agree to provide hospital and other patient care services pursuant to the terms of this Agreement. The parties also agree that these services are enhanced in a teaching and research setting. Within this setting, it is the goal of this Agreement to provide efficient and cost-effective patient services and to maximize third party revenues.

## I. DEFINITIONS

### A. General Contract Terms

1. **Agreement:** This Affiliation Agreement made between the City/County of San Francisco and The Regents of the University of California on behalf of the University of California, San Francisco, as may be amended from time to time.
2. **Bylaws:** The Bylaws and Rules and Regulations of the Medical Staff of San Francisco General Hospital, as may be amended from time to time.
3. **Contract Year:** July 1 through June 30 of any year for which this Agreement is in effect.
4. **Exhibits:**
  - Exhibit A: Hospital Campus
  - Exhibit B: Department of Public Health Mission Statement
  - Exhibit C: San Francisco Administrative Code, Chapter 12B
  - Exhibit D: Insurance Requirements
  - Exhibit E: Faculty Research Space
  - Exhibit F: Physician Transfer
5. **Consumer Price Index (CPI):** The United State's Department of Labor's Bureau of Labor Statistics Consumer Price Index for all Urban Consumers San Francisco-Oakland, California or the health care component of the CPI as specified. If the index is discontinued or revised during the term of this Agreement, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same result as would have been obtained if the index had not been discontinued or revised.
6. **Joint Commission on Accreditation of Healthcare Organizations (JCAHO):** The accrediting body for hospitals. Should the JCAHO be discontinued or reorganized during the term of this Agreement, such other accrediting body with which it is replaced shall be used in order to obtain substantially the same results and standards as would have been obtained if the JCAHO had not been discontinued or reorganized.

### B. Parties

1. **Administrator:** The Executive Director of San Francisco General Hospital, or his/her designee.
2. **Associate Dean:** The Associate Dean, San Francisco General Hospital, of the School of Medicine of the University of California, San Francisco, or his/her designee.
3. **Chancellor:** The Chancellor of the San Francisco campus of the University, or his/her designee.

4. **City/County:** The City and County of San Francisco.
5. **Dean:** The Dean of the School of Medicine of the University of California, San Francisco.
6. **Department:** Clinical Departments at San Francisco General Hospital.
7. **Director:** The Director of the San Francisco Department of Public Health, or his/her designee.
8. **Governing Body:** The Health Commission of the City/County.
9. **Hospital:** San Francisco General Hospital, a division of the Department of Public Health of the City/County, including its inpatient departments, outpatient clinics, emergency department, and psychiatric department.
10. **Hospital Campus:** The real property illustrated in Exhibit A, exempting leased space, as may be amended from time to time per the mutual written agreement made by the Associate Dean and Administrator.
10. **Party or Parties:** The City/County and/or the University.
11. **Regents:** The Board of Regents of the University of California.
12. **Supervisors:** The Board of Supervisors of the City/County.
13. **University:** The University of California, San Francisco.
14. **University Property:** Personal property of the University which is located on the Hospital Campus.

**C. Personnel Terms**

1. **Chief of Service:** The chiefs of clinical departments, who are University academic employees and are appointed pursuant to the Bylaws, including any designated acting Chief of Service.
2. **Chief of Staff:** The Chief of the Medical Staff of the Hospital elected pursuant to the Bylaws, or his/her designee.
3. **City/County Personnel:** Employees of the City/County and any other persons working on the Hospital Campus under the ultimate control or supervision of the City/County, excluding Housestaff.
4. **Housestaff:** Interns and residents enrolled in University medical residency training programs.
5. **Medical Staff:** The Medical Staff of the Hospital as defined in the Bylaws.

6. **University Personnel:** Employees of the University (including but not limited to faculty physicians, medical students, fellows) and any other persons working on the Hospital Campus under the ultimate control or supervision of the University, excluding Housestaff.
7. **Fringe Benefits:** Those benefits included in University employee and Housestaff plans, including vacation accrual, which may be changed from time to time. For purposes of this Agreement, fringe benefits shall not include liability and workers' compensation insurance or self-insurance.

**D. Budget Terms**

1. **Final Contract Budget:** The budget for Purchased Services which is approved by City/County and which is subject to Section VI.A.2. herein, based on the Hospital and affiliation funding levels which have been approved by the Governing Body as part of the Health Department's budget for each Contract Year as may be adjusted pursuant to Section VI.B.3. and 4. herein.
2. **Covered Services:** Covered services for which City/County makes payment are patient care services rendered to unsponsored patients treated at Hospital, management services, supervision of Housestaff, and other services agreed upon by University and Hospital. Covered services include not only those services for which the City/County makes payment, but also those services for which the University may render professional bills, irrespective of collection. Nothing in this Agreement requires that City/County shall pay for the same service that is paid for by another payer.
3. **Recharge:** The assessment and collection by one department or activity of a charge for goods or services furnished to another department or activity. A recharge transaction is appropriate when the furnishing department or activity has incurred an expense in making available a product or service to another department or activity.
4. **Third Party Reimbursement:** Payment to City/County or University for patient care from any source other than City/County.
5. **University Services Budget:** The budget proposed annually by the University for Covered Services, as may be amended or negotiated through the budget process, and any supplemental services requested by the City/County as described in Section VI.A.1.

**II. RESPONSIBILITIES OF UNIVERSITY**

**A. General**

1. **Affiliation Responsibilities.** Subject to the Administrator's ultimate responsibility for Hospital operations, the University, through the Associate Dean, Chiefs of Services, Chief of Staff, and University Personnel (as described below), shall be responsible for:
  - a. provision of Covered Services;
  - b. supervision of Housestaff and University Personnel; and

- c. **compliance with the terms of this Agreement.**
  - 2. **Comprehensive Agreement.** All University activities on the Hospital Campus shall be subject to the terms of this Agreement except for activities subject to the fourteen (14) existing lease agreements as amended by Section IV.E.3. herein.
  - 3. **Compliance with Laws and Accreditation Standards.** The University shall maintain any legal, licensing, and accreditation standards within its control, cooperate with the City/County to maintain legal, licensing, and accreditation standards within joint Hospital-University control, and notify the City/County when the University has knowledge of matters which may compromise legal, licensing, or accreditation compliance.
- B. Administration of University Presence on Hospital Campus**
- 1. **Associate Dean.** The University shall appoint an Associate Dean for administration of the University's activities on the Hospital Campus.
    - a. **Selection.** In the event of a vacancy in the position of Associate Dean, the University shall consult with the Director and the Administrator; however, the University shall retain sole authority for appointing and terminating the Associate Dean.
    - b. **Duties**
      - i) **Contract Officer.** The Associate Dean shall serve as the University's contract officer for this Agreement and shall be responsible for University compliance with the terms of this Agreement, including the performance by the Chiefs of Services of the duties assigned to them under this Agreement.
      - ii) **Preparation of Budgets.** The Associate Dean shall compile the University Services Budget.
      - iii) **Final Contract Budget Administration.** The Associate Dean shall administer the Final Contract Budget in accordance with the terms of this Agreement. Authority for managing Department budgets may be delegated to the Chiefs of Services, with the Associate Dean retaining overall management responsibility.
      - iv) **Medical Education.** The Associate Dean shall administer the University's medical education and training activities conducted on the Hospital Campus in accordance with the terms of this Agreement.
      - v) **Research.** The Associate Dean shall administer the research conducted on the Hospital Campus by the University, in accordance with the terms of this Agreement, except as otherwise provided in agreements between City/County, University, and, if applicable, other third parties.

2. **Chiefs of Service.** The University shall provide a Chief of Service for each Department which is also a Clinical Service as defined in the Bylaws.
  - a. **Selection and Removal.** Chiefs of Service shall be selected and removed in accordance with the University's academic personnel policies and applicable provisions of the Bylaws.
  - b. **Duties**
    - i) **Professional Direction.** Except as otherwise provided, the professional direction and supervision of medical management of all physician services rendered on the Hospital Campus shall be provided by the Chiefs of Service.
    - ii) **Department Management.** Subject to the authority of the Administrator, the Chiefs of Service shall be responsible for administration and management of their respective Departments, including the responsibilities described in Section V.B.
  - c. **Performance Evaluation.** At least every two years the Associate Dean, in consultation with the Administrator, shall evaluate the management performance of Chiefs of Service in light of the obligations and responsibilities of the University under this Agreement. Such reviews may be conducted at the same time as academic personnel reviews. The report of each such performance evaluation shall be reviewed by the Associate Dean, Administrator, and Chief of Staff.

**C. Compliance with Hospital Policies**

1. **Knowledge and Compliance Generally.** University Personnel shall be subject to applicable Hospital policies to the same extent as City Personnel. University Personnel shall comply with such policies and the University shall cooperate with Hospital training programs regarding such policies.
2. **Patient Complaints.** The University shall make a good faith effort to address patient complaints, to bring those matters outside its control to the attention of Hospital Administration, and to cooperate with the City/County to resolve any such complaints.
3. **Medical Records.**
  - a. **Retention.** If the University requests that the Hospital retain medical records for any period of time beyond the requirements of applicable law and regulation, as may be desirable for research or teaching purposes, and the City/County no longer intends to retain the records, the City/County shall transfer custody of the records to the University. The City/County shall bear no cost associated with retention of the records unless the Administrator agrees otherwise in writing.
  - b. **Timely Completion of Charts.** Chiefs of Service shall be responsible for assuring that personnel under their supervision complete those portions of the medical record required of care providers in a timely manner.



4. **Transfer To Other Facility.** University Personnel and Housestaff shall not transfer any patient to any other health care facility or provider unless (1) the patient's attending physician determines that the services necessary for the patient's care are unavailable at the Hospital, or (2) the patient's health insurance coverage requires use of specified facilities or providers, or (3) the patient requests transfer. Any patient transfer shall be made consistent with Hospital policies and applicable law.
5. **Quality Improvement.** University shall participate in quality improvement and utilization review activities as specified in the Bylaws and as required to meet all legal, accreditation, and certification standards and conditions and the terms of this Agreement.

**D. Personnel Responsibilities**

**1. General**

- a. **Staffing levels.** The University shall provide University Personnel and Housestaff sufficient to render patient care which meets the clinical services negotiated and approved in the Final Contract Budget, subject to such adjustments as provided in Section VI.B.3. and 4.
- b. **Discipline of University Employees and University Personnel.** The University shall be responsible for the discipline of University employees and Housestaff and shall investigate any City/County complaints regarding University Personnel and Housestaff to determine the necessity for appropriate action. Where the nature of the complaint provides reasonable grounds to believe that the safety of any person or property on the Hospital Campus may be at risk, the University shall make reasonable efforts, consistent with established University personnel procedures, to temporarily reassign such employees, Personnel, or Housestaff and/or exclude such employees, Personnel, or Housestaff from the Hospital Campus, pending resolution of the complaint.

**2. Housestaff and Medical Students**

- a. **General responsibilities.** The University shall be solely responsible for selecting, supervising, and training Housestaff, medical students, and any other University trainees rotating through the Hospital.
- b. **Salaries and benefits.** City/County shall pay the salaries and reimburse the University for the cost of fringe benefits of Housestaff for the portion of their residency when they are assigned to the Hospital. The number of Housestaff for which the City/County shall pay shall be negotiated annually and shall be determined no later than July 1 for the Contract Year which begins the following July 1.
- c. **Supervision.** Within the limits of the Final Contract Budget, the University shall schedule adequate attending physicians for proper supervision of all Housestaff and students in University programs at the Hospital and for other University health professionals.

- d. **Memorandum of Understanding.** University acknowledges the Memorandum of Understanding and stipulated court order between the City/County and the San Francisco Interns and Residents Association (SFIRA) and the employment terms and status contained therein.

**E. University Property**

1. **Compliance with Applicable Standards.** The University may bring its own personal property onto the Hospital Campus so long as such property does not violate applicable facilities standards and codes and hospital policy. If such a violation is found, the University shall promptly comply with any reasonable request by City/County to remove any item or category of University property from the Hospital Campus and/or to refrain from bringing any such item or category of personal property onto the Hospital Campus in the future. Unless the Administrator otherwise agrees in writing, the University shall bear all costs directly and indirectly involved with bringing its own personal property onto the Hospital Campus.
2. **Ownership.** The University shall retain full ownership of all University property, except that any fixtures shall become the property of the City/County upon installation in any building on the Hospital Campus, except as may be otherwise agreed in writing. During the term of this Agreement, City/County shall be permitted to use certain personal property of the University, when authorized by the Associate Dean, in fulfilling its obligations hereunder. Title to such property shall at all times remain in University and shall under no circumstances pass to City/County by virtue of such authorization. University shall maintain, replace, and repair such property during the term of this Agreement as necessary for the performance of this Agreement.

**F. Teaching and Training**

1. **Accreditation of Teaching Programs.** The University shall maintain accreditation of medical education and training programs implemented, in whole or in part, at the Hospital.
2. **Operation of Training Programs.** Training of Housestaff and medical students at the Hospital will be accomplished in accordance with University procedures under the general direction of the Associate Dean and specific direction of University's appropriate program director. University physicians may also teach other health professional students of the University and medical, dental, psychology, and allied health students and trainees from other institutions rotating through the Hospital, in accordance with this Agreement and in conformity with all applicable provisions of law.

- G. Insurance Coverage.** The University shall be responsible for providing adequate liability and workers' compensation coverage, either through self-insurance or the purchase of insurance policies, for all University employees and Housestaff, in compliance with the terms contained in Exhibit D. With respect to workers' compensation for Housestaff, the allocation of fault and share of any claims, settlements, judgments, and other payments as between University and City/County shall be made on a case by case basis.

- H. Medical Library.** The University shall manage and operate the medical library to meet the needs of the Hospital Campus.

### **III. RESPONSIBILITIES OF CITY/COUNTY**

#### **A. Hospital Administration and Governance**

1. **General.** The City/County, through the Director and Governing Body, is responsible for the governance, administration, and operation of the Hospital. This responsibility shall be exercised through the Administrator as delegated by the Director; the Administrator may delegate to the University responsibility for aspects of Hospital operations, but he/she retains full authority for Hospital administration.
2. **Hospital Budget.** The City/County shall develop, approve, and implement an annual budget for the Hospital, which shall include negotiation and approval of the annual Final Contract Budget.
3. **Administrator.** The Director shall appoint an Administrator for the Hospital. The Administrator shall be responsible for the administration and operation of Hospital, shall be authorized to act on behalf of the Governing Body in all matters relating to the administration and performance of this Agreement, and shall be responsible for Hospital compliance with the terms of this Agreement.
  - a. **Selection.** In the event of a vacancy in the position of the Administrator, the City/County shall consult with the Dean and Associate Dean in the process of selecting a new Administrator; however, the City/County shall retain sole authority for appointing and terminating the Administrator.
  - b. **Nonvacancy Requirement.** When the Administrator is absent from the Hospital Campus and not readily available within a reasonable period of time, the Administrator shall designate an individual to assume the duties and responsibilities of the Administrator and shall notify the Associate Dean of the planned absence and the identity of the designee.
4. **Compliance with Laws and Accreditation Standards.** The City/County shall maintain legal, licensing, and accreditation standards within its control, cooperate with the University to maintain legal, licensing, and accreditation standards within joint University-Hospital control, and notify the University when the City/County has knowledge of matters which may compromise legal, licensing, or accreditation compliance.

#### **B. Hospital Operations**

1. **General.** The City/County shall maintain Hospital operations sufficient to meet its obligations under this Agreement.
2. **Admissions.** The City/County shall develop and implement patient admitting policies, in consultation with the University; however, the City/County shall retain sole authority for patient admitting policies.

3. **Medical Records.** The City/County shall maintain a medical records department, sufficient to meet the requirements of applicable law and regulation, and shall retain medical records for the duration required by such law. The City/County shall use good faith efforts to maintain complete charts, which are in order and contain all relevant data pertaining to the care of patients, and to make charts available to University Personnel in a timely manner for scheduled clinic visits, Hospital admissions, mortality and morbidity reviews, and preparations of responses to citations, reimbursement appeals, and billing.
4. **Knowledge of and Compliance with Hospital Policies.** The City/County shall include University Personnel or Housestaff, as may be applicable, in training programs regarding Hospital policies and shall cooperate with the University in instructing University Personnel and Housestaff regarding Hospital policies.
5. **Patient Complaints.** The City/County shall make a good faith effort to address patient complaints, to bring those matters relating to University Personnel or Housestaff to the attention of the University, and to cooperate with the University in addressing any such complaints.
6. **Quality Improvement.** The City/County shall participate in quality improvement and utilization review activities as specified in the Bylaws and as required to meet all legal, accreditation, and certification standards and conditions and the terms of this Agreement.
7. **Medical Library.** The City/County shall provide no less than the amount of space provided for the medical library on the effective date of this Agreement, and if the library is moved, the City/County shall provide space of comparable size and quality. The City/County shall fund one Librarian full-time equivalent (FTE) throughout the term of this Agreement. The City/County shall continue to fund books and journals at the same amount as budgeted in its 1993-94 budget, as adjusted by the Consumer Price Index (CPI) each year, throughout the term of this Agreement, unless the Administrator and Associate Dean mutually agree to a lesser amount.

C. **Personnel Responsibilities**

1. **General.** The City/County, through the Administrator, shall be responsible for hiring, scheduling, promoting, compensating, disciplining, and terminating all City/County employees at the Hospital.
2. **Personnel Level.** The City/County shall provide and schedule personnel at a level sufficient to provide the clinical services negotiated and approved in the Final Contract Budget.
3. **Discipline of City/County Employees and City/County Personnel.** The City/County shall be responsible for the discipline of City/County employees and shall investigate any University complaints regarding City/County Personnel to determine the necessity for appropriate action. Where the nature of the complaint provides reasonable grounds to believe that the safety of any person or property on the Hospital Campus may be at risk, the City/County shall make reasonable efforts, consistent with the established City/County procedures, to temporarily reassign such employees or Personnel and/or exclude such employees or Personnel from the Hospital Campus, pending resolution of the complaint.

4. **Hospital Volunteers.** City/County shall be responsible for overseeing the operation of the Volunteer Auxiliary to San Francisco General Hospital, for investigating any complaints regarding volunteer operations, and for taking appropriate action to prevent interference by volunteer operations with patient care, Hospital operations, or University activities.
  5. **Memorandum of Understanding.** City/County acknowledges the Memorandum of Understanding and stipulated court order between the City/County and the San Francisco Interns and Residents Association (SFIRA) and the employment terms and status contained therein.
- D. **Ownership and Maintenance of Real and Personal Property.** The City/County shall hold fee title to all real property on the Hospital Campus and, unless provided otherwise by separate written agreement, is responsible for repair and maintenance of all such real property and improvements thereto to the extent necessary to enable the Parties to meet their obligations under this Agreement. When authorized by the Administrator, the University shall be permitted to use certain personal property of City/County in fulfilling its obligations hereunder. Title to such property shall at all times remain in City/County and shall under no circumstances pass to the University by virtue of such authorization. The City/County shall maintain, replace, and repair such personal property as necessary for the performance of this Agreement.
- E. **Payment for Covered Services.** The City/County shall make payment for Covered Services according to the schedule set forth in Section VI.B.
- F. **Right of First Refusal.** The City/County shall not hire an outside entity to provide clinically-related or clinical services on the Hospital Campus without first offering the University the opportunity to provide such services on the same terms offered by the outside entity. The University shall be given thirty (30) days to decide if it can provide the service at such terms. This right of first refusal does not apply to support services including, but not limited to, materials management functions, security, dietary, housekeeping, and laundry.
- G. **Accreditation of Training and Education Programs.** The City/County shall maintain, to the extent possible, any real or personal property related to medical teaching or education accreditation standards within its control, cooperate with the University to maintain medical teaching or education accreditation standards within joint City/County - University control, and notify the University when the City/County has knowledge of matters which may compromise medical teaching or education accreditation.
- H. **Non-Leased Space and Facilities.** The Administrator shall have the discretion to determine what clinical and administrative space is made available to the University and to designate whether the University shall have sole use of such property or shall use it jointly with City/County. The Administrator shall also have the discretion to make any change in the allocation or designation of such space that, in his or her determination, is appropriate for the efficient operation of the Hospital. In making these determinations, the Administrator shall take into consideration the University's ability to perform its obligations under this Agreement and to operate its teaching program.
1. **Access.** The City/County shall provide to University Personnel and Housestaff access to and use of Hospital facilities and related services, as reasonably necessary for the performance by the University of services under this Agreement.

2. **Facilities Support.** The City/County, at its expense, shall provide adequate facilities support services (including but not limited to housekeeping, security, maintenance, and utilities) for all non-leased clinical and administrative space on the Hospital Campus sufficient for the University to meet its responsibilities under this Agreement and to provide the annually negotiated clinical services.
- I. **Insurance Coverage.** The City/County shall be responsible for providing adequate liability and worker's compensation coverage, either through self-insurance or the purchase of insurance policies, for all City/County employees, in compliance with the terms contained in Exhibit D. With respect to workers' compensation for Housestaff, the allocation of fault and share of any claims, settlements, judgments, and other payments as between University and City/County shall be made on a case by case basis.

#### IV. JOINT RESPONSIBILITIES

- A. **Compliance and Cooperation.** The Parties shall work cooperatively to accomplish the mission of this Agreement. Each Party shall make a good faith effort to cooperate with the other Party in all City/County, University, and affiliation operations; the Associate Dean, Administrator, and Chief of Staff shall meet regularly to review affiliation operations.
- B. **Revenue Maximization.** The Parties shall jointly be responsible for maximizing Third Party Reimbursement to the extent it is within each Party's control; each Party shall require personnel under its supervision to act cooperatively to enable the other to recover all available Third Party Reimbursement.
- C. **Reimbursement Review Advisory Committee.** The Parties shall jointly participate in a Reimbursement Review Advisory Committee.
  1. **Purpose.** This Committee is intended to be a forum to share information regarding Third Party Reimbursement generated by the Hospital and the University on the Hospital Campus as required for maximization of affiliation revenues and to address specific reimbursement-related issues upon which the Administrator and Associate Dean may request information or advice.
  2. **Appointment.** The members shall be appointed by the Administrator and the Associate Dean, with each appointing an equal number of persons (unless otherwise mutually agreed by the Administrator and Associate Dean); the Administrator and Associate Dean shall appoint a Committee chair, by mutual agreement.
  3. **Advisory Role.** This Committee shall be advisory; the Associate Dean and Administrator shall not be obligated to act upon its recommendations.
- D. **Confidentiality of Patient Records.** The Parties shall maintain the confidentiality of all patient records and shall comply with all applicable federal, state, and local laws and regulations, as well as hospital policy and Medical Staff Rules and Regulations, regarding the confidentiality of medical records.

**E. Leased Space.**

1. **Property Leases.** Presently, there are 14 Lease Agreements between the City/County and University covering 85,198 square feet of space on the Hospital Campus for research purposes. In addition, the University occupies approximately 85,000 square feet of space on the Hospital Campus, as listed in Exhibit E as "Faculty Research Space", for which it is not charged by the City/County and which is not currently subject to a lease between the City/County and University.
2. **Offsets.** Nothing contained in this Agreement shall prevent the City/County and University from offsetting administrative costs incurred in the Office of the Associate Dean at the Hospital and costs of medical malpractice insurance associated with the provision of care by University faculty and by house officers hereunder for unsponsored patients against the value to City/County for rent, utilities, and other operating costs incurred by City/County for research space as provided in Section IV.E.1. If the Parties agree to offsets hereunder, there shall be no increase in costs to either Party which do not either offset or result in no net additional payment to the other.
3. **Utilities and Additional Space.** City/County agrees that the utility rates for the fourteen (14) leases shall be reduced to \$0.4513 per square foot effective July 1, 1994 and each of said fourteen leases is amended to set forth the new rate for the base year July 1, 1994 through June 30, 1995. Said rate shall then be adjusted as provided in each of the fourteen (14) leases. City/County further agrees that additional space consisting of 5,600 square feet of laboratory space on the fifth floor of Building 30, known as Ward 35, will be provided as Faculty Research Space to the University rent and utility free. In addition, 1,550 square feet of space contiguous to the Lung Biology Center on the first floor level in the courtyard of Building 1 shall also be provided as Faculty Research Space to the University rent free, but with utilities charges.

**F. Chief of Staff and Medical Staff Office.**

1. **Medical Staff Office.** Each Party shall provide half of the financial support for the Medical Staff Office. Each year during annual budget negotiations, the University and the City/County shall develop a mutually acceptable budget for the Medical Staff Office. If the Parties are unable to reach agreement for any fiscal year, the budget for the previous year shall apply, except that the budget amount shall be adjusted so that (1) the portion used to pay personnel shall be increased by the amount necessary to cover salary and fringe benefit increases provided by the University to Medical Staff Office personnel, if any, and (2) the portion used for non-personnel expenses shall be changed to reflect a cost of living adjustment based upon the medical care component of the CPI.
2. **Chief of Staff Salary.** Each Party shall provide half of the University base salary and fringe benefits of the Chief of Staff.
3. **Oversight.** The Associate Dean and Administrator shall jointly be responsible for oversight of the Chief of Staff's performance.

## G. Nonphysician Providers

1. **Qualifications.** Where required by law, each Party shall provide that all non-physician providers under its employ or supervision who provide services under this Agreement are currently licensed or certified in the State of California to practice in their respective disciplines (and/or meet any other applicable professional standards), and are appointed and credentialed as provided in the Bylaws.
2. **Supervision.** Each Party shall provide adequate supervision of all such non-physician providers in its employ or supervision.

H. **Risk Management and Quality Improvement.** The parties shall cooperate in a risk management program aimed at reducing risks and expenditures. In addition, the Parties shall exchange information for risk management purposes, including incident reports, necessary to the defense of actions brought against the City/County and Regents. As necessary in exchanging information, the parties shall provide for protection of privileged information through joint confidentiality agreement for defense. In addition, the parties shall carry out California regulations and JCAHO requirements with regard to the quality of medical care and risk management by providing for appropriate medical staff committee consideration of clinical aspects of patient care and risk management issues, including identifying opportunities for the improvement of quality of care and resolution of clinical issues related to quality assessment and improvement and risk management.

I. **Joint Ownership Not Prohibited.** Nothing in this Agreement shall be construed to prevent the Parties from entering into written agreements for joint ownership of real or personal property, including sharing of Third Party Reimbursement generated from the use of such property, consistent with the City/County Charter and the Bylaws of the Regents of the University of California.

## V. COVERED SERVICES

### A. Patient Care Services.

1. **Care To All Patients.** The University shall, subject to the Final Contract Budget, provide the quantity and types of medical services required to meet the medical needs of all Hospital patients, including those who may experience limited access to other providers due to financial, social, cultural, geographic, or medical reasons, or who have other special needs. The University shall provide the same quality of care to all patients, regardless of financial sponsorship or ability to pay.
2. **Off-site Services.** If the patient's attending physician determines that diagnostic and/or therapeutic services necessary for the delivery of appropriate medical care are not available at the Hospital, the attending physician shall arrange for the necessary services to be delivered elsewhere to the extent possible, in accordance with Hospital and City/County policy, in accordance with Section II.C.4. of this Agreement, and subject to the terms of the tertiary care contract between City/County and University, as may be amended from time to time, or the requirements of the patient's third party payor. In no way does this paragraph obligate City/County, University, or a physician to obtain services not covered or provided under the tertiary care contract or by the patient's third-party payor.



- B. Management Services.** The University shall provide administration and management of all clinical departments through Chiefs of Service. The Chiefs of Service shall be responsible for managing their respective Departments in compliance with all relevant professional standards, JCAHO standards, and this Agreement.
1. **Delivery of Covered Services.** Each Chief of Service shall supervise and direct the delivery of Covered Services by University Personnel and Housestaff in his/her Department and shall be responsible to the Associate Dean for all activities relating to the delivery of Covered Services.
  2. **Budget Matters.** Each Chief of Service shall be responsible for development and preparation of the University Services Budget for his/her Department and for managing revenues and expenditures in accordance with the Final Contract Budget (in consultation with the appropriate Assistant Director of Nursing and/or Hospital Administrator). This responsibility shall include managing all Contract Payments in accordance with their intended uses under the Final Contract Budget and under this Agreement, and for advising the Associate Dean on the annual University Services Budget. Each Chief of Service shall cooperate with the Associate Dean in all matters relating to Department budgeting. Each Chief of Service shall be responsible for maximizing Third Party Reimbursement in his/her Department to the extent it is within each Chief's control. Each Chief of Service shall cooperate with the relevant outpatient billing personnel to maximize Third Party Reimbursement.
  3. **Compliance with Agreement and Hospital Policies.** Each Chief of Service shall use his/her best efforts to assure that University Personnel and Housestaff in his/her Department conduct themselves in accordance with applicable Bylaws, Hospital policies, rules, regulations, and this Agreement. This responsibility shall include providing appropriate orientation and training regarding Hospital policies and procedures (or providing for participation in Hospital-initiated orientation or training as may be required for Hospital Personnel with similar responsibilities).
  4. **Scheduling.** Each Chief of Service shall schedule University Personnel in his/her Department to meet the obligations of University under this Agreement, subject to the ultimate authority of the Administrator, to ensure that the services rendered meet legal, licensing, and accreditation standards, shall develop these schedules in cooperation with Hospital administration, and shall be accountable for the compliance of such personnel with those schedules.
  5. **Quality Improvement.** Each Chief of Service shall be responsible for the development of an appropriate quality improvement plan for his/her Department, in consultation with the appropriate Assistant Director of Nursing and Hospital Administrator, and shall be responsible for implementing the quality improvement plan. Each Chief of Service shall work in coordination with the Medical Staff Quality Improvement Committee and Hospital Quality Improvement Office in developing and implementing the Department's quality improvement plan.
  6. **Medical Records.** Each Chief of Service shall inform all University Personnel in his/her Department of their responsibilities for timely completion of those portions of the medical record required of care providers and shall be responsible for the compliance of such personnel.

7. **Hospital Operations.** Each Chief of Service shall represent his/her service in a medical advisory capacity to the Administrator, as reasonably requested. Each Chief of Service shall cooperate with the Chief of Staff, the Administrator, and the Associate Dean as reasonably requested to promote efficient Hospital and University operations.
8. **Nonvacancy Requirement.** When a Chief of Service or Acting Chief of Service is absent from the Hospital Campus and not readily available within a reasonable period of time, the Chief or Acting Chief shall designate an individual to assume the duties and responsibilities of the Chief and notify the Associate Dean, Administrator, and Chief of Staff of the planned absence and the identity of the designee.
9. **University Matters.** Each Chief of Service shall represent the Department in matters involving the corresponding University School of Medicine Department, including demonstrating the need for appropriate faculty attending physicians, Housestaff, and other resources commensurate with the level of Department activities.
10. **Research.** Each Chief of Service shall inform the Associate Dean and the Administrator of all research conducted in his/her Department prior to the initiation of such research and shall assist the Associate Dean in complying with Section XI.

## **VI. PAYMENT FOR COVERED SERVICES**

### **General.**

1. **University Services Budget.** Beginning in 1994, the University shall prepare and submit each year a University Services Budget three weeks before the San Francisco General Hospital budget is due to the Health Commission. The University Services Budget shall include the anticipated cost of providing all Covered Services for the following Contract Year and the anticipated cost of providing any supplemental services requested by City/County.
2. **Final Contract Budget.** The Final Contract Budget for Covered Services shall be approved annually, based on the University Services Budget. Nothing in this Agreement shall specify the level of the Final Contract Budget for any Contract Year; such level is to be determined through the annual budget negotiation process, in accordance with the methodologies set forth in this Section, and subject to the final approval of the budget by the City/County. If the Final Contract Budget is different from the University Services Budget, the Parties will negotiate in good faith to determine the nature, level, and scope of services that will be provided within the Final Contract Budget.

### **B. Payment Methodology.**

1. **Departmental Reviews.** City/County shall pay the University for the services provided under this Agreement as set forth in this section. During the first two years of this Agreement, the Hospital Departments shall be reviewed by the University and the Hospital for the purpose of determining the nature, scope, and level of services provided to patients served in those Departments. In addition, the University and the Hospital shall determine the appropriate level of payment and the payment methodology for such services. Once University and City\County determine the appropriate level of payment and payment

methodology for all Departments, University shall prepare the University Services Budget in accordance with that payment method.

2. **Interim Payments.** Until a Department is reviewed and the payment methodology agreed to by both Parties, payment shall be made, subject to Section VI.A.2., in accordance with the following:

Reimbursement for the fringe benefits of Hospital budgeted Housestaff during that portion of their residency for which they are assigned to the Hospital;

Reimbursement for salaries and fringe benefits of University employees, including faculty and staff assigned to the Hospital for purposes of providing contracted services hereunder;

Reimbursement for salaries and fringe benefits of contracted management services and administrative costs incurred in providing support to faculty, Housestaff, and other University personnel at the Hospital;

Reimbursement for contracted supplies and equipment provided to the Hospital; and

Reimbursement for any agreed upon supplemental services provided hereunder.

- a. The base fiscal year shall be 1993-94. The Parties agree that the City/County final 1993-94 budget for the University was as follows:

1.	University contract	\$ 31,214,820
2.	Psychiatry contract	\$ 3,594,328
3.	MIA professional fee reimbursement	\$ 2,300,000
4.	Term purchase agreements, work orders	\$ 638,025
5.	Physician Specialists	\$ 7,543,691

- b. Beginning with the 1994-95 budget and each year thereafter, the University Services Budget shall include the amounts set forth in the base fiscal year and shall be amended to reflect the following University cost adjustments:

- (i). Salary and wage increases for merits, cost of living adjustments, promotions, market rate salary adjustments, and salary range adjustments, consistent with University-wide standards and practices;
- (ii). Cost of living adjustments for supplies and related expenses based upon the medical care component of the CPI;
- (iii). Any agreed upon changes in staffing levels at the actual salary and benefit rate of the University for such personnel for the ensuing year.

The University shall calculate the adjustments on the foregoing cost elements and submit the same to the Administrator in the University Services Budget. If the Final Contract Budget is different from the University Services Budget, the parties will

negotiate in good faith to determine the nature, level, and scope of services that will be provided within the Final Contract Budget. City/County shall reimburse University pursuant to the Final Contract Budget. In no event shall there be a reduction of financial support for University employees occupying positions for which University personnel policies require notice of non-renewal of appointment for a period equivalent to the notice period the University is required to give to the employees. City/County responsibilities for such appointments shall not exceed one year.

3. **Changes During a Budget Year.** Subject to the budget and fiscal provisions of the City/County's Charter, the parties may agree at any time during a budget year that additional services may be necessary in order that the Hospital may continue to provide adequate patient services hereunder. In addition, the parties agree that during the budget year, the scope of certain services historically provided may be reduced so that the Hospital may continue to provide a range of services adequate to meet patient care needs. Should such a determination be made, City/County shall negotiate with the University in good faith for provision of such services in accordance with other provisions within this Agreement.
4. **Reductions.** In the event of a reduction in the Hospital budget below the level of funding necessary to continue the services at the same scope, nature, and level as the 1993-94 budget year during any fiscal year thereafter, the Administrator shall determine which services shall be reduced, in consultation with the Director of Health, the Associate Dean, and the medical staff, so long as this determination is consistent with the Final Contract Budget. Budget reductions will be made in either the Hospital or University budget depending upon who provides those particular services. The Hospital and University budgets shall be adjusted in a manner that is negotiated, based on good faith, and reductions shall be shared equitably based upon the nature of the services that are being reduced, the educational programs provided by the University at the Hospital, and in accordance with University policies and obligations. Changes that affect the educational programs shall be made in accordance with Section II.D.2.b. of this Agreement.
5. **Interpretations and Amendments.** The President of the University or his/her designee and the Director of Health or his/her designee are hereby authorized to jointly agree to binding interpretations of and amendments to this payment methodology as the need arises due to changing circumstances so long as any such interpretations and amendments to the payment methodology do not contravene the basic structure of this Agreement and so long as the payment methodology is consistent with customary, regulatory, and statutory reimbursement methods to providers.

**C. Payment and Reconciliation.**

1. **Monthly Payment.** On or before the first day of each month, the University shall provide to the City/County an invoice for 1/12 of the amount approved as the Final Contract Budget. On or before the fifteenth day of each month, the City/County shall pay to the University 1/12 of the amount approved as the Final Contract Budget. The City/County may withhold all or any portion of a monthly payment or payments to cover the City/County's cost of paying City employees or third parties for providing services that the University is required to perform under this Agreement but has failed to perform. The City/County shall not withhold any payment until it has first notified University in writing of its intent to obtain

services outside the contract and provided University a reasonable time in which to perform.

2. **Special Account.** The University shall deposit the monthly Contract Payment into a restricted University account separate from other accounts of the University; this account shall be used by the University exclusively for the payment of obligations properly incurred pursuant to this Agreement. The funds in this account shall not be commingled with any funds other than Contract Payments. The City/County shall have the right to audit this account at its own expense.
  3. **Annual Budget Variance Report.** No later than ten working days after City/County approves the Department of Health budget for each Contract Year, the City/County shall provide to the University written notice of the Final Contract Budget for that Contract Year.
  4. **Interim Reconciliation.** The Associate Dean will meet with the Executive Administrator quarterly to review the Final Contract Budget for the current year for anticipated variances from budgeted amounts to actual expenditures.
- D. **Use of Funds.** All revenues collected by University for services provided under this Agreement shall be the property of the University; there shall be no restrictions on University's use of professional fee revenues and research funds, except that all such revenues must be allocated in support of activities provided on the Hospital Campus or in support of the Schools of Medicine and Dentistry. In addition, revenues collected by University for services provided under this Agreement may be reallocated by the Associate Dean, after consultation with the Administrator, if services hereunder are impacted or if required (1) due to unexpected withdrawal or unavailability of other sources of patient care funding (including, but not limited to, unexpected withdrawal or unavailability of research or Third Party Reimbursement which has previously supported the provision of patient care); or (2) due to unanticipated increases or decreases during the year and the volume or acuity of unsponsored patients in one or more clinical departments.

## *VII. MEDICAL STAFF*

### **A. Organization and Bylaws**

1. **Organization.** The University, through the Chief of Staff, shall organize the Medical Staff, in accordance with JCAHO and State medical staff standards, as required to fulfill the University's responsibilities under this Agreement.
2. **Bylaws.** The University, through the Medical Staff, shall draft written Bylaws and Rules and Regulations governing the operation of medical and affiliated professional staff. These Bylaws shall be updated by the Medical Staff at least annually and submitted to the Governing Body for timely approval and adoption.
3. **Compliance.** The University, through the Chiefs of Service, shall be responsible for Medical Staff compliance with the Bylaws.

**B. Chief of Staff.**

1. **Selection.** The Chief of Staff shall be elected and removed as described in the Bylaws.
2. **Duties.**
  - a. **Patient Care Policies.** The Chief of Staff shall assist in informing University Personnel of applicable Hospital patient care policies, shall assist the Administrator in developing such policies, and shall initiate appropriate action to correct noncompliance.
  - b. **Quality Improvement.** The Chief of Staff shall be responsible for operation of quality improvement activities as set forth in the Bylaws. The Chief of Staff shall supervise the activities of the Quality Improvement Committee and shall be responsible to the Administrator for medical staff quality improvement activities.
  - c. **Bylaws.** The Chief of Staff shall be responsible for maintaining the Bylaws in conformity with current professional standards and for physician compliance with such Bylaws.
  - d. **JCAHO accreditation.** The Chief of Staff shall be responsible to the Administrator for physician compliance with JCAHO standards.

**C. Recruitment and Retention.** The University shall be responsible for the recruitment and retention of faculty in conformity with Bylaws, Hospital policies, and University academic personnel policies.

**VIII. REVENUE AND BILLING**

**A. Billing and Collection of Charges.**

1. **City/County.**
  - a. **Inpatient.** The City/County shall interview and screen every patient for financial responsibility when they present to the Hospital for care. Hospital eligibility staff shall pursue payment sources both at the point of admission/registration and after discharge. The City/County shall bill and collect facilities charges in compliance with hospital eligibility guidelines.
  - b. **Outpatient.** The City/County shall bill and collect joint professional/facility fee charges for care rendered in the outpatient clinics, unless the Administrator and Associate Dean mutually agree that the University shall bill the professional component for particular outpatient services.

2. **University.**
    - a. **Inpatient.** The University shall bill and collect professional fee charges for care, including deductibles, co-payments, shares of cost (other than sliding scale) and payment for services not covered by the patient's third party payer, unless the Associate Dean and Administrator otherwise agree in writing; such billing and collection shall be in compliance with Hospital policies. The University shall submit claims to appropriate payers for services rendered only by physicians or allied health providers who, by government regulation, may collect fees for their services.
    - b. **Outpatient.** The University shall bill and collect professional fee charges for outpatient procedures for which the Hospital does not bill the professional fee component.
  3. **Interpretations and Amendments.** The President of the University or his/her designee and the Director of Health or his/her designee are hereby authorized to jointly agree to binding interpretations of and amendments to these billing and collection practices as the need arises due to changing circumstances so long as any such practices do not contravene the basic structure of the Agreement and so long as the billing and collection practices are consistent with customary, regulatory, and statutory requirements for billing and collection practices.
  4. **Costs.** Each Party shall bear its own costs of billing and collecting; nothing in this Agreement shall prohibit the Parties from combining billing or collection activities where mutually agreed.
  5. **Information Regarding Billing and Collections.**
    - a. **City/County.** The City/County shall, on a timely basis, provide to the University information as reasonably requested to allow the University completely and accurately to bill professional fees. For those Departments for which the Hospital is responsible for billing professional fee charges, or joint professional fee/facility charges, the Hospital shall provide to the Associate Dean reports showing all patient charges entered by payor source.
    - b. **University.** The University shall provide to the City/County information as reasonably requested to allow the Hospital completely and accurately to bill facilities charges. For those Departments for which attending physicians are responsible for billing professional fee charges, the University shall provide to the Administrator reports showing the total professional fee charges for the Department by payor source.
- B. Patient Charges.** Each Party shall endeavor within available resources to create and enter charges for its services to every patient, regardless of sponsorship. Where mutually agreed by the Administrator and Associate Dean, professional fee and facilities charges may be entered jointly.
- C. Information for Cost Reporting.** Each Party shall provide to the other Party information reasonably requested to enable the other Party to meet all cost reporting requirements.

- D. **Information and Accounting Systems.** The Parties shall use generally accepted accounting principles (GAAP) and practices and shall use computerized systems to maintain budget and revenue information in standardized formats.

### **IX. REPORTING AND ACCOUNTABILITY**

- A. **General Operations.** Each Party shall collect and maintain accurate information on the nature and scope of its operations on the Hospital Campus and shall provide such information as reasonably requested by the other Party. The Hospital shall designate one person in the office of the Administrator, and the University shall designate one person in the office of the Associate Dean, to be responsible for providing this information.
1. **Time Surveys.** The University shall provide to the Administrator the semi-annual two week time surveys currently undertaken for Medicare reporting purposes, provided that the Parties shall jointly review the existing survey form to determine whether appropriate information relevant to the provision of Covered Services is adequately solicited and, where additional information is reasonably required to reflect the delivery of Covered Services, items soliciting that information will be added to the Survey. The Parties agree that such items cannot be added to the Survey less than three months prior to the beginning of any such survey period.
  2. **Staffing and Scheduling.** For each Department, time sheets for University non-physician personnel shall be retained for a period of two years. Call schedules for physician and Housestaff shall also be retained for a period of two years. The University shall notify the City/County of changes to established schedules which impact the volume or quality of patient care.
- B. **Teaching and Training.** The University shall maintain a list of all medical and dental students and Housestaff rotating through the Hospital which shall be available to the Administrator upon request. The University shall notify the City/County of all changes in its medical teaching or training programs which affect the Hospital, including changes in the number of Housestaff assigned to or rotating through the Hospital and changes in the scope, organization, or length of such education or training programs.
- C. **Notice of Certain Events.**
1. **Legal or Administrative Actions.** Each Party shall notify an appropriate official of the other Party of medical staff corrective action, claims, or lawsuits relating to Hospital and professional liability and any other claims or lawsuits that may affect the other Party. The Parties shall determine whether to conduct a joint investigation and coordinate any remedial action or defense.
  2. **Accreditation, Licensure, and Site Visits.** Each Party shall promptly notify the other of any planned site visit by any entity charged with reviewing and/or certifying health care delivery, facilities, or educational programs on the Hospital Campus. Each Party shall make available to the other Party the report from such site visits, including any letters citing deficiencies or suggesting corrective action. Each Party shall promptly notify the other of any actual or threatened sanction by any licensing or accrediting entity, peer review organization, or any entity charged with reviewing and/or certifying health care delivery, facilities, or educational



operations on the Hospital Campus.

**3. Matters Affecting Patient Care and/or Affiliation Operations.**

- a. **City/County.** The City/County shall provide an opportunity to the University to participate in the decision making process regarding matters relating to the Hospital diversion policy, City/County destination policy, the closure of Hospital units or clinics, or changes in the scope of Hospital inpatient or outpatient services that are to be brought before the Governing Body or the Supervisors. If the Department of Public Health staff consider making any of the changes described herein and no Governing Body or Supervisors action is to be taken, the City/County shall notify the University before deciding to make such changes, giving as much advance notice as possible. The City/County shall notify the University of such action as soon as possible. However, the City/County retains sole authority to make these decisions.
- b. **University.** The University shall provide an opportunity to the City/County to participate in the decision making process regarding matters relating to the scope of its participation in Hospital inpatient or outpatient services, significant changes to the scope of its participation in services offered in any Department or clinic on the Hospital Campus, or significant changes in the scope and size of education programs or rotation patterns of Housestaff through the Hospital. The University shall notify the City/County of such action as soon as possible. However, the University retains sole authority to make decisions regarding its participation in services offered on the Hospital Campus. Nothing in this Section IX.C.3.b. shall modify the obligation of the University to render Covered Services as negotiated for any Contract Year.

4. **Structural Improvements.** Each Party shall promptly notify the other of any structural improvements or other capital projects planned for the Hospital Campus for which it is seeking funding approval.
5. **Affiliation Budget Matters.** The Parties recognize the importance of meeting regularly to discuss budget-related matters. In order to facilitate regular meetings, the Administrator and the Associate Dean shall each appoint one person who is primarily responsible for promptly notifying the other Party regarding City/County and University budget instructions and other plans that may affect the Final Contract Budget. The City/County shall promptly notify the Associate Dean of the City/County budget calendar and amendments thereto and shall provide prior notice of any budget presentation to the Governing Body or the Supervisors.
6. **Records Requests.** Each Party shall promptly notify the other of the nature and scope of any request by any governmental agency or its designee to disclose this Agreement or any books, documents, or records pertaining to the affiliation or to the operation of either Party on the Hospital Campus.

**D. Planning**

1. **Joint Planning.** The City/County and University shall establish a joint planning committee which meets at least once a year. Each Party shall present any proposals and plans which may be implemented in the following year and which may have a direct impact or effect on the programs, services, or activities on the Hospital Campus.

**2. Long Range Planning.**

- a. **City/County.** The City/County shall consult with the University on City/County planning that may effect the Hospital Campus. University participation will be of an advisory nature.
- b. **University.** The University shall consult with the City/County on University, School of Medicine planning that may affect the Hospital Campus. City/County participation will be of an advisory nature.

**3. Capital Planning.** The University shall be invited to participate in planning for facilities on the Hospital Campus. Nothing in this Agreement shall be construed to prohibit joint acquisition of equipment or joint facilities construction consistent with the City/County Charter and State Constitution.

**X. PHYSICIAN TRANSFER**

- A. **Employment of Physician Specialists.** Prior to October 1, 1994, all physician specialists employed by the City/County at San Francisco General Hospital who also may hold either part-time paid appointments or academic unpaid appointments with the University of California (hereinafter "physician specialists") shall remain under the direction and control of the City/County with respect to those terms and conditions of their employment over which the City/County currently has control. Prior to October 1, 1994, the City/County shall continue to have sole responsibility for the conduct of all labor relations including collective bargaining regarding the physician specialists.
- B. **Lay Off Notices.** Pursuant to the applicable civil service rules, the City/County shall issue lay-off notices to all physician specialists except those on approved leaves of absence effective midnight, September 30, 1994. Physician specialists on approved leaves of absence on the effective date of this Agreement shall be laid off by the City/County effective with the end date of their leaves.
- C. **Employment Obligations.** The City/County and University recognize that each may have obligations with respect to the employment of physician specialists at Hospital. Nothing in this Agreement shall alter the Parties' existing legal obligations with respect to the physician specialists prior to October 1, 1994; each Party agrees to comply fully with such obligations. The City/County agrees that it may have certain obligations under federal, state, and local laws which arise out of the termination of the employment of the physician specialists by the City/County. These obligations include complying with the Consolidated Omnibus Budget Reconciliation Act (COBRA), payment of vacation and other wages in compliance with state, federal, and local laws, and compliance with all relevant civil service rules. The University agrees that it may have certain obligations under federal and state laws regarding the hiring of physician specialists working at Hospital. Both Parties agree that they shall satisfy any obligations each respectively may have arising out of the termination and/or hiring of the physician specialists.
- D. **Bargaining.** The City/County agrees that it shall fulfill any collective bargaining obligation it may have, including any applicable notice obligations, that arise out of the termination of employment of the physician specialists. In fulfilling these obligations and in any other dealings with the employee organization representing the physician specialists, the City/County understands and agrees that it has no right or authority to negotiate on behalf of or to bind the University. The City/County agrees that

any salary or range increase applicable to the physician specialists will be made pursuant to the Memorandum of Understanding in effect covering the physician specialists and that it will not negotiate to increase the salary range or individual salaries of the physician specialists for the purpose of raising the physician specialists entitlement as University employees.

- E. **Offers of Employment.** Except as provided in Section X.F., no less than ten (10) days before October 1, 1994, the University shall offer employment to all full or part-time physician specialists who on that date are active City/County employees and who may be lawfully employed by the University and who are working at Hospital in budgeted staff positions. The University will not offer employment to those persons who have a date of separation from City/County employment which is prior to September 30, 1994. The offer of employment shall be extended to those physician specialists on approved leave from the City/County and shall be for employment beginning at the end of the stated leave.
- F. **Funding.** The University's agreement to make offers of employment to all physician specialists is contingent upon receipt of adequate funding from the City/County to continue physician services at the same level as in fiscal year 1993-94. The funding level for physician services for fiscal year 1994-95 shall be determined by the City/County and the University through the annual budget negotiation process described in Section VI. If funding levels for physician services are reduced for fiscal year 1994-95, the Parties acknowledge that the University has sole discretion to select those physician specialists whom it will hire to provide the services required by the City/County under this Agreement.
- G. **Liability.** The City/County agrees that it shall remain liable for, and shall defend against any employment-related claims made by a physician specialist based upon its conduct/responsibilities/obligations which arose prior to October 1, 1994, whether or not the action is pending on October 1, 1994. The University agrees that it shall remain liable for, and shall defend against any employment-related claims made by a physician specialist based on its conduct/responsibilities/obligations which rose prior to October 1, 1994, whether or not the action is pending on October 1, 1994. The parties acknowledge that on or after October 1, 1994, the University will become the employer of all the physician specialists who accept employment with the University and will be responsible for employment-related obligations for those physician specialists who become University employees with respect to events or actions which occur on or after October 1, 1994.
- H. **No Creation of Rights.** The provisions contained in this Agreement with respect to physician specialists' employment are for the purpose of setting forth the respective rights and obligations of the City/County and the University and are not intended and shall not create any rights on the part of present City/County physician specialists, or those who may elect the University's employment, as third party beneficiaries.
- I. **Terms of University's Offer of Employment.** The general terms of the University's offer of employment, including conditions of employment to be offered, are set forth in the letter from the University to the City/County attached as Exhibit F.

## XI. RESEARCH

- A. **Conduct of Research.** All health sciences research conducted on the Hospital Campus shall be consistent with the patient care mission of the affiliation. Hospital patients, personnel, and facilities may participate in clinical research, subject to the terms of this Agreement. Research laboratories on the Hospital Campus shall be assigned only to faculty whose primary clinical responsibilities take place on the Hospital Campus, unless otherwise approved by the Administrator.
- B. **No Cost to City/County.** The City/County shall bear no costs related to University research conducted on the Hospital Campus unless specifically agreed to by the Hospital Administrator. The University shall follow the procedures described in Section XI.E. for identifying Hospital expenses and providing payment for those expenses. Procedures for identifying expenses related to research and for obtaining payment for those expenses shall not be unduly burdensome or time-consuming.
- C. **Clinical Research.** All clinical research conducted by University Personnel on the Hospital Campus shall be conducted only after review and approval by the University of California, San Francisco Institutional Review Board ("IRB"). The Administrator shall be provided the opportunity to participate in IRB review of clinical research proposed to occur at Hospital. Clinical research conducted by City/County Personnel on Hospital patients or medical records shall be conducted only after review and approval by a competent and appropriate Institutional Review Board (which may or may not be the University of California, San Francisco IRB). Nothing in this Section XI.C. shall be construed to preclude appropriate quality improvement and utilization review activities which may involve medical records review or other review activities.
- D. **Other Research.** The Associate Dean and the Administrator shall appoint a committee to develop criteria reflecting the City/County's interest in being informed of research, other than clinical research, and to implement a mutually acceptable process for reviewing such other research pursuant to such criteria. The Associate Dean and the Administrator shall develop guidelines to govern any research not related to the health sciences conducted on the Hospital Campus.
- E. **Expense Review Procedure**
  - 1. **Expense Review and Pricing.** Patient care expenses for all University research proposals involving Hospital patients or City/County resources shall be submitted for review to the Associate Dean and the Administrator no less than seven (7) working days prior to submission to the granting agency or, where no granting agency is involved, no less than seven (7) working days prior to commencement of the research.
    - a. Upon submission of such expenses to the Administrator for review, the Administrator shall identify the City/County resources which would be called upon in the course of the research and all potential direct and indirect costs to the City/County and, within five (5) working days of the expense submission, shall develop an appropriate price structure for the services to be provided by the City/County. If the Administrator does not respond to the Associate Dean or relevant principal investigator within five (5) working days of the expense submission, such failure to respond shall constitute acceptance of the expense submission. The City/County shall bear all costs of such expense review.

- b. The City/County shall negotiate in good faith a reasonable payment schedule appropriate to each research project; in no event shall the payments exceed the Hospital's average charges for similar services. The City/County shall take into account such factors as market rates, actual Third Party Reimbursement rates, economies of scale, and the extent to which the research may provide financial support for patient care which would otherwise be the responsibility of the City/County, and may discount or waive the University's obligations if appropriate.
  - c. The University shall negotiate in good faith a payment schedule appropriate to each research project; in no event shall the payments be less than the Hospital's actual direct and indirect costs unless the Hospital specifically agrees to discount or waive the University's obligation to cover all research costs.
  - d. Any research expenses not covered by a grant or Third Party Reimbursement shall be the responsibility of the University and shall not result in a cost to the City/County unless the City/County has specifically agreed to bear that cost.
2. **Special Accounts.** The City/County shall establish a special account procedure through which research funds shall pay the Hospital for services according to the negotiated payment schedule. The University shall implement the special account procedure established by the City/County.
- F. **University Recharges.** The Associate Dean shall work with the Administrator toward the goal of reimbursing all reasonable costs for clinical services provided to research investigators. Recharge revenues shall be included in the patient care component of the University Services Budget of the Department and all expenditures shall be made in furtherance of the mission of the Hospital. University shall make records of the recharges and expenditures available to the Administrator upon request.
- G. **Notice of Noncompliance.** If any research proposal is inconsistent with the requirements of this Agreement, the Administrator shall so notify the Associate Dean within seven (7) days after its submission to the Administrator pursuant to Section XI.E. and the proposed research shall not be conducted on the Hospital Campus until it is brought into compliance with this Agreement.

## *XII. AUDITS AND RECORD KEEPING*

- A. **Books and Records**
1. **University.** The University shall maintain separate and accurate books and fiscal records relating to its activities funded under this Agreement, in accordance with generally accepted accounting principles and practices, which properly reflect all expenditures of Contract Payments. The University shall make these records available to City/County during normal business hours and shall retain these records for seven (7) years after the close of the applicable fiscal year.

2. **City/County.** The City/County shall maintain accurate books and fiscal records relating to its activities under this Agreement, in accordance with generally accepted accounting principles and practices; the City/County shall make these records available to the University during normal business hours and shall retain these records for seven (7) years after the close of the applicable fiscal year.

**B. Related Parties and Subcontractor Requirements**

1. **University Records.** For a period of four (4) years following the furnishing of services under this Agreement, the University shall maintain and make available, upon request, to the Secretary of Health and Human Services and the Comptroller General of the United States, or their authorized representatives ("Secretary and Comptroller General"), this Agreement and its books, documents, and records necessary to verify the nature and extent of costs hereunder, to the extent required by Section 1861(v)(1)(I) of the Social Security Act; the University shall notify the City/County immediately of any such request and shall provide the City/County with copies of the request and all materials described in such request within ten (10) days of its receipt of the request.

2. **Subcontractor Records.** If services under this Agreement are to be provided by the University through a subcontractor related to the University within the meaning of Section 1861(v)(1)(I) of the Social Security Act, and if such subcontract has a value or cost of at least \$10,000 over a twelve (12) month period, the University shall obtain the written agreement of the subcontractor that (i) for a period of four (4) years following the furnishing of services under this Agreement it shall maintain and make available, upon request, to the Secretary and Comptroller General, the subcontract and its books, documents, and records necessary to verify the nature and extent of costs thereunder, to the extent required by Section 1861(v)(1)(I) of the Social Security Act, and (ii) it shall notify the University and the City/County immediately of any such request and provide the University and City/County with copies of the request and all materials described in such request within ten (10) days of its receipt of the request.

- C. **Investigations.** Each Party shall cooperate regarding outside investigations of the other Party as reasonably requested by the other Party. If any government agency undertakes an investigation of a Party, the other Party shall comply with that Party's reasonable request to make available information and records in connection with the investigation.

***XIII. TERM AND TERMINATION***

- A. **Effective Date.** The effective date of this Agreement shall be the first day of the month after this Agreement receives final approval from City/County and University.
- B. **Term.** This Agreement shall remain in full force and effect until terminated as provided herein.
- C. **Termination.** Either Party may terminate this Agreement under any of the following circumstances and conditions:

1. **Termination Absent Cause.** Either Party may terminate this Agreement for any reason or no reason by giving at least 24 months written notice stating the intention of the Party to terminate, said termination to be effective 24 months after June 30 of the then-current Contract Year.
2. **Termination for Cause.** Where an Event of Termination occurs, the Party which did not cause that event may terminate this Agreement by giving written notice stating the intention of the Party to terminate, said termination to be effective 12 months after June 30 of the then current Contract Year.
3. **Events of Termination for Cause.** Provided the Parties have completed the dispute resolution process described in Section XV.B., irrespective of the outcome, the following shall constitute Events of Termination for Cause under this Agreement:
  - a. **Material Changes in Scope of Agreement.** A unilateral decrease in the type, level, or scope of services offered by the Hospital or by the University on the Hospital Campus (from any cause, including without limitation, substantial reduction in funding, termination or withdrawal of programs, and loss of accreditation) which seriously endangers the ability of either Party to deliver patient care services of appropriate quality, which interferes with the size or scope of the University's teaching program on the Hospital Campus, or which leaves insufficient professional services for the Hospital to fulfill its patient care mission.
  - b. **Pattern of Failure to Pay.** A continued pattern of City/County's failure to pay for Covered Services rendered at negotiated levels shall become an Event of Termination upon receipt of a written notice of such pattern.
  - c. **Pattern of Failure to Deliver Services.** A continued pattern of University's failure to render Covered Services at negotiated levels shall become an Event of Termination upon receipt of a written notice of such pattern.
  - d. **Failure to Take Action Within Authority.** If it is within the authority of the Associate Dean or the Administrator to implement any recommendations of the Dispute Resolution Panel described in Section XV.B. and the Associate Dean or the Administrator fails to do so, this failure shall become an Event of Termination.
4. **Termination for Non-Appropriation.** This Agreement is subject to the budget and fiscal provisions of the City and County's Charter ("the Charter"). It is the University's opinion that the City and County is mandated by state law to provide or to contract for the provision of health care services for its indigent poor and that the state imposed obligation overrides any limitations contained in fiscal provisions of the Charter (including without limitation, Section 6.302 thereof) or Article XVI, Section 18 of the California Constitution. Further, the University's opinion is that the laws of the State of California, including case law interpreting Article XVI, Section 18, do not limit the capacity of the City and County to contract as set forth in this Agreement. The City and County's opinion is that provisions of the California Constitution, Article XVI, Section 18, and of the Charter subject this Agreement to annual appropriations which prevent the City and County from making financial commitments for a term longer than one year except to the extent that funds are appropriated for the purpose, thereby calling into doubt the ability of the City to make any

payments for services for which monies have not yet been appropriated.

Given the views of the City and County and of the University, the Parties agree that charges will accrue under this Agreement only after prior written authorization certified by the Controller of the City and County and that amounts of obligations of the City and County hereunder shall not at any time exceed amounts certified for the purpose of this Agreement and for the term stated in this Agreement. To the extent permitted by law, the obligations of the Controller hereunder shall be deemed ministerial and compellable by mandate.

- D. Destruction of Premises.** If, during the term of this Agreement, any of the buildings on the Hospital Campus are wholly or partially destroyed by fire, explosion, earthquake, lightning, tornado, hurricane, windstorm, rain, flood, the elements, or other casualty, and it is mutually determined by the Parties that restoration will not render the Hospital Campus suitable for the provision of patient care services and that the building(s) should thereby not be restored, or if City/County will not obligate itself to restore the basic structure of such building(s), then, except as otherwise provided in Section XIII.E. and Section XIV, this Agreement will terminate in its entirety by a written notice from either Party to the other Party.
- E. Effects of Termination, Continuing Responsibilities of the Parties.** University shall receive Contract payments for services rendered up to the effective date of any termination, subject to the terms of the Agreement. Upon termination, the Parties shall have no further obligations under this Agreement except as follows:
1. **Cooperation.** In the event either Party terminates this Agreement, whether or not for cause, the Parties shall jointly develop and implement a plan for disaffiliation which provides that quality patient care continues to be rendered and recognizes the limits of available resources.
  2. **Records.** As soon as possible after the effective date of termination of this Agreement, the University shall turn over to the City/County all patient hospital records in its possession or under its control as of the date of termination, and copies of all books and records which the University is required to maintain pursuant to this Agreement, as may be requested by the Administrator. University shall continue to have reasonable access to any books and records required to be maintained under this Agreement or in connection with services provided by the University under this Agreement, which are in the possession of the City/County.
  3. **Patient Care Responsibilities.** In the event of termination of this Agreement, the University shall cooperate fully with the City/County to transfer patient care to such service replacement as City/County elects to utilize. In no event shall the University abandon any patient in need of continued care who was under its care as of the termination and for whom replacement medical services are unavailable upon the termination.
  4. **Personal Property.** As soon after the effective date of termination of this Agreement as possible, the University shall account for and turn over to the City/County all equipment, appurtenances, and property owned by the City/County and in the possession or control of the University, and shall remove all University Property, including furniture and equipment. Failure to remove University Property shall, after forty-five (45) days, be construed as an abandonment of such property and title shall pass at such time by operation of law to City/County. As soon as possible, the City/County shall account for and turn over to the



University all equipment, appurtenances, and property owned by the University and in the possession or control of the City/County.

5. **Indemnifications.** The provisions of this Agreement regarding indemnification, as specified in Section XIV, shall continue to exist so long as there is any outstanding claim for liability as a result of the activities performed by either Party pursuant to this Agreement.
6. **Other.** Termination of this Agreement shall have no effect on the fourteen Lease Agreements currently existing between the University and the City/County for property on the Hospital Campus unless such Lease Agreements are terminated pursuant to a master lease agreement as described in Section IV.E.1.
7. **Access to Books and Records.** For a period of seven (7) years following termination of this Agreement, each Party shall (i) retain all books and records required under this Agreement, and (ii) make such records available to the other Party upon request during that period. However, this requirement shall not apply to any books or records which have been provided to the other Party either prior or subsequent to the termination.

#### ***XIV. INDEMNIFICATIONS***

- A. **By University.** University shall defend, indemnify, and hold City/County harmless from and against any and all liability, loss, expense, or claims, excluding attorneys' fees, for injury or damages arising out of the performance of this Agreement, but only in proportion to and to the extent such liability, loss, expense, or claims for injury or damages are caused by or result from the negligent or intentional acts of University, its officers, agents, or employees.
- B. **By City/County.** City/County shall defend, indemnify, and hold University harmless from and against any and all liability, loss, expense, or claims, excluding attorneys' fees, for injury or damages arising out of the performance of this Agreement, but only in proportion to and to the extent such liability, loss, expense, or claims for injury or damages are caused by or result from the negligent or intentional acts of City/County, its officers, agents, or employees.
- C. **Breach of Contract.** The provisions of this Article XIV do not permit either party to sue the other Party for damages for breach of contract or for failure to comply with the terms and conditions of this Agreement except as permitted in Article XV.C.

#### ***XV. DISPUTE RESOLUTION***

- A. **Informal Resolution.** The Parties shall resolve their disputes informally to the maximum extent possible. The Parties shall negotiate all matters of joint concern in good faith, with the intention of resolving issues between them in a mutually satisfactory manner. Only disputes within the scope of this Agreement are subject to this Section XV; disputes internal to one Party are not subject to these procedures.

**B. Formal Resolution.** A fact finding and dispute resolution panel shall be convened if either the Associate Dean, with the concurrence of the Dean; or the Administrator, with the concurrence of the Director, notifies the other Party in writing of the request for dispute resolution. The Associate Dean and Administrator shall name their respective appointees to the panel within ten (10) working days of such written notice.

1. **The Dispute Resolution Panel.** The Dispute Resolution Panel shall consist of either three or five persons, as agreed by the Associate Dean and the Administrator. The Panel shall be convened ad hoc; there shall be no standing or ex officio members. If the Panel is to number five, the Associate Dean and the Administrator shall each appoint two persons; their four appointees shall jointly choose a fifth. If the Panel is to number three, the Associate Dean and the Administrator shall each appoint one person; their two appointees shall jointly choose a third. The appointees shall choose the final member of the Panel within ten (10) working days from the date on which they are appointed.
2. **Fact Finding and Report.** The Associate Dean and Hospital Administrator shall provide to the Panel a written description of the dispute, including, where relevant, the particular questions on which the Associate Dean and Hospital Administrator seek the Panel's recommendations.
  - a. **Fact Finding.** The Panel shall engage in fact finding as required by the dispute and recommend how best to resolve the dispute. The Panel may submit written questions to the Parties, may request oral statements, and may review relevant documents. Each Party has the right to submit oral or written statements to the Panel.
  - b. **Report.** Within 30 working days after the date set for close of evidence, the Panel shall submit to the Associate Dean and the Hospital Administrator a written report, including the Findings of Fact and Recommendations for Resolution of the majority of the Panel; reports of dissenting Panel members, if any, may also be forwarded to the Associate Dean and the Administrator, but the Findings of Fact and Recommendations for Resolution of the majority shall be the Panel's recommendation.
3. **Review by the Associate Dean and the Hospital Administrator.** The Associate Dean and Administrator shall make every effort to complete their review and to determine whether they have the authority to implement the panel's Recommendation within ten (10) working days of their receipt of the Panel's Report. The failure of either the Associate Dean or the Hospital Administrator to implement the Panel's Recommendation when it is within their authority to do so is grounds for termination of this Agreement for cause.
4. **Deadlines.** All deadlines in this Section may be changed by mutual agreement of the Associate Dean and Administrator.

**C. Remedies.**

1. **Process.** No claims or suits shall be filed in any court of law or other tribunal prior to the completion of the formal resolution process set forth in Section XV.B.
2. **Limitations.** The remedies available to the Parties under this Agreement shall be limited as

follows:

- a. **Action for Damages.** After completion of the formal resolution process set forth in Section XV.B., the University may file an action for damages in the amount the City/County owes under its obligation to make monthly payments pursuant to Section VI.C.1. Similarly, after completion of the formal resolution process set forth in Section XV.B., City/County may file an action for damages in the amount of any costs incurred in paying City/County employees or third parties for providing services that University is required to perform under this Agreement but has failed to perform over and above any amounts obtained by City/County from the withholding of monthly payments pursuant to Section VI.C.1.
  - b. **Defenses Not Limited.** In any judicial action filed by either party alleging a breach of this Agreement, each Party retains the right to assert any and all available defenses. The recommendations of the Dispute Resolution Panel are advisory only.
  - c. **Termination.** A Party asserting a breach of this Agreement which constitutes an Event of Termination for Cause as set forth in Section XIII.C.3. may terminate this Agreement for cause in addition to or as an alternative to the remedies set forth in this Section.
3. **Intent Regarding Limitation of Actions.**
- a. **Waiver.** City/County and University would not have entered into this Agreement if either of them were to be liable in damages under or with respect to this Agreement other than as explicitly set forth in C.2.a. and b. of this Section XV. Accordingly, except as explicitly set forth in C.2.a. and b. of this Section XV, each Party covenants not to sue or claim damages, and expressly waives its right to do so, for (1) any breach of, or which arises out of, this Agreement; or (2) arising out of or connected with any dispute, controversy, or issue regarding the application or interpretation or effect of the provisions of this Agreement.
  - b. **Termination.** Termination of this Agreement shall not affect the limitation on the rights of the parties to seek damages, except to the extent permitted by C.2.a. and b. of this Section XV, arising out of any breach that occurred prior to Termination of this Agreement, including a breach for which this Agreement has been terminated.
  - c. **City/County's Sole Monetary Obligations.** City/County's sole monetary obligations under this Agreement are limited to the payment for Covered Services, as described in Section VI and as limited by Section XIII.C.4.
    - (i) City/County shall not be liable for any delay in disbursement of funds for payment for the Covered Services.
  - d. **University's Sole Monetary Obligations.** University's sole monetary obligations under this Agreement are limited to payments necessary to cover City/County's cost of paying City/County employees or third parties for providing services that University is required to perform under this Agreement but has failed to perform.

- e. **Tort Cause of Action Permitted.** Nothing herein is intended to preclude either party from suing the other for damages for injury to person or property arising from the tortious conduct of either party or the officers, employees, or agents of either Party.

## **XVI. MISCELLANEOUS**

- A. **Independent Contractor.** In the performance of this Agreement, the University is at all times acting as an independent contractor. The City/County shall neither have nor exercise any control over the specific methods by which University performs its duties under this Agreement; its sole interest and responsibility shall be to ensure that such duties are rendered in a competent, efficient, and satisfactory manner in accordance with the terms of this Agreement.
- B. **Compliance with Accreditation Standards.** The Parties shall perform this Agreement, to the extent practicable, in accordance with the standards of the JCAHO, Title 22 of the California Administrative Code, and any other accreditation agencies with jurisdiction to review and approve teaching hospitals in California. During the term of this Agreement, the University shall maintain approval of its School of Medicine pursuant to the standards of the Liaison Committee on Medical Education and shall maintain approval of all training programs by the appropriate specialty boards.
- C. **Licenses.** During the term of this Agreement, the Parties shall obtain and maintain all appropriate licenses required by law for the operation of the Hospital and for the provision of services hereunder.
- D. **Assignment and Subcontracting.** This Agreement shall be binding on and inure to the benefit of the Parties and their respective successors and assigns; provided, however, that neither Party may assign any or all of its interests, rights, or obligations under this Agreement without the prior written consent of the other Party. Neither Party may subcontract for the performance of any of its duties under this Agreement without the prior written consent of the other Party. This provision shall not limit the right of either Party to engage individuals who may perform services under this Agreement; however, each Party shall remain fully responsible for its performance as provided in this Agreement.
- E. **No Third Party Beneficiaries.** None of the provisions of this Agreement are or shall be construed as for the benefit of or enforceable by any person not a Party to this Agreement.
- F. **Modification.** This Agreement shall constitute the entire agreement of the Parties with respect to its subject matter. With the exception of the payment methodology as provided in Section VI.B., this Agreement may not be modified except by a written amendment properly approved and executed by both Parties.
- G. **Waiver.** No waiver, express or implied, or any breach of this Agreement, shall constitute a waiver of any right under this Agreement or of any subsequent breach, whether of a similar or dissimilar nature.
- H. **Severability.** If any provision of this Agreement shall be unenforceable for any reason, all other provisions shall remain in force and effect.
- I. **Nondiscrimination.** The University shall abide by the nondiscrimination provisions of San Francisco Administrative Code, Chap. 12B, attached as Exhibit C and incorporated herein by reference and made a part of this Agreement, excepting 12B.2.(g)(1), (3), (4), (5), (6), (7), (8), (9), (h), and (l).

- J. **Divestment.** The University is not the government of South Africa, a person or business entity organized under the laws of South Africa, or a person or entity doing business in South Africa. The University does not have a prohibited ownership interest as defined in the San Francisco Administrative Code Section 10.211(k). The City/County reserves the right to terminate this contract for default if the University violates the terms of this clause.
- K. **Drug Free Workplace Act.** If the University is required by its performance under this Agreement to comply with the Drug Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D), the University shall abide by all applicable terms and conditions of that Act.
- L. **MacBride Principles - Northern Ireland.** The City/County urges companies doing business in Northern Ireland to move towards resolving employment inequities and encourages such companies to abide by the MacBride Principles. The City/County urges San Francisco companies to do business with corporations that abide by the MacBride Principles (Ordinance 107.89).
- M. **Tropical Hardwood Ban.** The City/County urges contractors not to import, purchase, obtain, or use for any purpose any tropical hardwood or tropical hardwood product.
- N. **Governing Law.** This Agreement shall be governed by the laws of the State of California.
- O. **Notices.** Unless otherwise specified in this Agreement, any notice, document, or other communication given or made hereunder shall be in writing and shall be deemed given upon (i) hand delivery or (ii) deposit of the same in the United States registered or certified mail, first-class postage and fees prepaid, and correctly addressed to the Party for whom it is intended at the following addresses:

If to City/County:            Executive Administrator  
    San Francisco General Hospital  
    1001 Potrero, Room 2A11  
    San Francisco, CA 94110

If To University:            Associate Dean  
    San Francisco General Hospital  
    1001 Potrero, Room 2A21  
    San Francisco, CA 94110

or at such other place or places as may from time to time be specified in a notice similarly given. Each Party shall at all times keep the other Party notified of its current address and shall promptly notify the other Party of any change of address.

- P. **Days.** Provisions in this Agreement relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day for any period to give notice, reply to a notice, or to undertake any other action occurs on a Saturday, Sunday, or a bank or City/County holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day.
- Q. **Exhibits.** The Exhibits listed in the Table of Contents are deemed incorporated into this Agreement in their entirety.