

August 19, 2021

TO: Legal Counsel

News Media

Salinas Californian  
El Sol  
Monterey County Herald  
Monterey County Weekly  
KION-TV  
KSBW-TV/ABC Central Coast  
KSMS/Entravision-TV

The next regular meeting of the **FINANCE COMMITTEE – COMMITTEE OF THE WHOLE** of the Salinas Valley Memorial Healthcare System will be held **MONDAY, AUGUST 23, 2021, AT 12:00 P.M., IN THE DOWNING RESOURCE CENTER, ROOMS A, B & C AT SALINAS VALLEY MEMORIAL HOSPITAL, 450 E. ROMIE LANE, SALINAS, CALIFORNIA, OR BY PHONE OR VIDEO (Visit [svmh.com/virtualboardmeeting](http://svmh.com/virtualboardmeeting) for Access Information).**

Please note: Pursuant to Executive Order N-25-20 issued by the Governor of the State of California in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.



Pete Delgado  
President/Chief Executive Officer

**Committee Members: Richard Turner – Chair; Juan Cabrera – Vice Chair; Pete Delgado – President/Chief Executive Officer; Augustine Lopez – Chief Financial Officer; Clement Miller – Chief Operating Officer; Harry Wardwell – Community Member; Michael Wilson – Community Member; and Orlando Rodriguez, M.D. – Medical Staff Member**

**FINANCE COMMITTEE MEETING – AUGUST 2021  
COMMITTEE OF THE WHOLE  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**MONDAY, AUGUST 23, 2021  
12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C  
SALINAS VALLEY MEMORIAL HOSPITAL  
0450 E. ROMIE LANE, SALINAS, CALIFORNIA  
OR BY PHONE OR VIDEO  
(Visit [svmh.com/virtualboardmeeting](http://svmh.com/virtualboardmeeting) for Access Information)**

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**AGENDA**

1. Approval of Minutes from the Finance Committee Meeting of July 19, 2021 (DELGADO)
  - Motion/Second
  - Action by Committee/Roll Call Vote
  
2. Consider Recommendation for Board Approval of Healthcare Security Services (HSS) Contract Renewal (MILLER)
  - Staff Report
  - Committee Questions to Staff
  - Motion/Second
  - Public Comment
  - Committee Discussion/Deliberation
  - Action by Committee/Roll Call Vote
  
3. Consider Recommendation for Board Approval of HealthStream (Learning Management System) Contract Renewal (PAULO)
  - Staff Report
  - Committee Questions to Staff
  - Motion/Second
  - Public Comment
  - Committee Discussion/Deliberation
  - Action by Committee/Roll Call Vote
  
4. Consider Recommendation for Board Approval to Continue Monthly Transfers from Operating General Account to Board Designated Restricted Account (LOPEZ)
  - Staff Report
  - Committee Questions to Staff
  - Motion/Second
  - Public Comment
  - Committee Discussion/Deliberation
  - Action by Committee/Roll Call Vote

5. Review of Balanced Scorecard for FY 2021 Final Results (LOPEZ)
6. Financial and Statistical Review (LOPEZ)
7. Public Input  
This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board which are not otherwise covered under an item on this agenda.
8. No Closed Session
9. Adjournment – The September 2021 Finance Committee Meeting is scheduled for **Monday, September 27, 2021, at 12:00 p.m.**

Notes: This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Executive Assistant during regular business hours at 831-755-0741. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

The Committee packet is available at the Committee Meeting, at [www.svmh.com](http://www.svmh.com), and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee.

**MINUTES OF THE JULY 2021 FINANCE COMMITTEE MEETING  
COMMITTEE OF THE WHOLE  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**MONDAY, JULY 19, 2021**

**12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C**

**SALINAS VALLEY MEMORIAL HOSPITAL  
450 E. ROMIE LANE, SALINAS, CALIFORNIA  
OR BY PHONE OR VIDEO**

**(Visit [symh.com/virtualboardmeeting](http://symh.com/virtualboardmeeting) for Access Information)**

Pursuant to Executive Order N-25-20 issued by the Governor of the State of California in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.

Committee Members Present: Richard Turner, Chair; Juan Cabrera, Vice Chair; Michael Wilson, Harry Wardwell by teleconference, Pete Delgado, Clement Miller, Augustine Lopez, and Orlando Rodriguez, MD, in person.

Other Board Members Present, Constituting Committee of the Whole: Regina M. Gage, by teleconference, constituting Committee of the Whole.

Also Present: Adrienne Laurent, Judi Melton, Dave Sullivan, Bob Parks, Omar Galvan, Renee Jaenicke, Scott Cleveland, Gary Ray, Esq., Clint Hoffman, Michelle Childs, Rosalia Madrigal, Derek Ames, in person; Audrey Parks, Ruby Lopez, Rolf Norman, by teleconference.

A quorum was present and the meeting was called to order at 12:02 p.m. by Richard Turner, Committee Chair.

**APPROVAL OF MINUTES FROM THE FINANCE COMMITTEE MEETING OF  
JUNE 28, 2021**

Pete Delgado, President/Chief Executive Officer, recommended the Finance Committee approve the minutes of the Finance Committee Meeting of June 28, 2021. This information was included in the Committee packet.

No Public Comment.

MOTION: The Finance Committee approves the minutes of the Finance Committee Meeting of June 28, 2021, as presented. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Wardwell, Rodriguez; Noes: None; Abstentions: None; Absent: None; Motion Carried.

**CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF UPDATED PROJECT COST ESTIMATE AND AWARD CONTRACT TO C. OVERAA & CO. FOR THE SVMH DOWNING RESOURCE CENTER PARKING GARAGE ANNEX**

Omar Galvan, Project Manager of Kitchell CEM, Construction Manager for the Parking Garage Annex, presented a PowerPoint presentation that included a list of the parking garage annex Design-Build project team and the design and construction of a new 4-level parking structure immediately adjacent to the existing Downing Resource Center parking structure. The south entrance/exit will be provided from San Jose Street. The basement level includes some support spaces and a shelled space for tenant improvement.

Mr. Galvan reported that in terms of the Design-Builder selection process, Administration followed a two-step process for selection. The first step began on March 1, 2021 with the issuance of a Request for Qualification (RFQ). On March 31, 2021, the administration received a total of eight submissions in response to the RFQ. The RFQ review committee evaluated all eight submissions and selected the three highest scoring Design-Build teams; (1) C. Overaa & Co. / Watry Design; (2) Swinerton / Walker Consultants and (3) Hensel Phelps / Dreyfuss + Blackford. The three highest scoring Design-Build teams were given the opportunity to provide a formal proposal for the project. Proposals were received on June 10, 2021. The RFP selection committee conducted interviews with each of three Design-Build teams to determine the highest ranking team. C. Overaa & Co./Watry Design were selected as the highest ranking team.

Upon Board approval and execution of the design-build agreement, C. Overaa & Co., team will proceed with completing the design documents necessary to acquire the required regulatory approvals and permits from the local jurisdictions and agencies. The design and approval process are expected to be complete by May 2022. Construction work of the project is anticipated to commence on June 2022, construction duration 14 months and final completion by August 29, 2023.

Executive Leadership is requesting that the Finance Committee recommend Board approval of (i) the total estimated project cost for the SVMHS DRC Parking Garage Annex in the budgeted amount of \$36,000,000 and (ii) award contract for \$28,003,257 to C. Overaa & Co. for design-build services for the SVMH DRC Parking Garage Annex at the corner of San Jose Street and Wilgart Way.

Dr. Rodriguez left the meeting at 12:10 p.m.

No Public Comment.

Mr. Turner asked if the existing entrance will be blocked during construction. Mr. Galvan confirmed that the entrance off of Wilgart Way will remain open during construction. After construction is completed, there will be two entries to the parking structure.

**MOTION:** The Finance Committee recommends that the Board of Directors (i) the total estimated project cost for the SVMHS DRC Parking Garage Annex in the budgeted amount of \$36,000,000 and (ii) award contract for \$28,003,257 to C. Overaa & Co. for design-build services for the SVMH DRC Parking Garage Annex at the corner of San Jose Street and Wilgart Way, as presented. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Wardwell; Noes: None; Abstentions: None; Absent: Rodriguez; Motion Carried.

**CONSIDER RECOMMENDATION TO BOARD OF DIRECTORS TO AUTHORIZE THE SVMHS PRESIDENT/CHIEF EXECUTIVE OFFICER TO APPROVE CERTAIN CHANGE ORDERS FOR THE DOWNING RESOURCE CENTER PARKING GARAGE ANNEX AND ANCILLARY IMPROVEMENTS**

Augustine Lopez, Chief Financial Officer, reported on the recommendation for Board approval to authorize the SVMHS President/Chief Executive Officer to approve change orders for the Downing Resource Center Parking Garage Annex and Ancillary Improvements in amounts not to exceed four hundred fifty thousand dollars (\$450,000.00) per change order up to a total aggregate amount not to exceed five percent (5%) of the contract amount.

Gary Ray, District Legal Counsel, explained that it is customary in the Design-Build Agreement to indicate the parameters under which District Administration (in case, the SVMHS President/Chief Executive Officer) may approve change orders from the contractor on the project in order to avoid delays and increased costs for the project due to the scheduling of District Board Meetings to approve such orders. This information was included in the Committee packet.

The California Health and Safety Code (Local Health Care District Law) imposes certain requirements on change order in excess of five percent (5%) of the contract amount. If, however, a contract was made in compliance with the District bidding requirements (which will be the case here), then a change order in an amount up to five percent (5%) of the contract amount which does not materially change the scope of the work as set forth in the construction agreement may be approved by the District without any additional bidding procedure. The District Board is permitted to delegate to the President/Chief Executive Officer of the District the responsibility to review and approve such change orders.

No Public Comment.

**MOTION:** The Finance Committee recommends that the Board of Directors authorize the SVMHS President/Chief Executive Officer to approve Change Orders for the Downing Resource Center Parking Garage Annex and Ancillary Improvements in amounts not to exceed four hundred fifty thousand dollars (\$450,000.00) per change order up to a total aggregate amount not to exceed five percent (5%) of the contract amount, as presented. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Wardwell; Noes: None; Abstentions: None; Absent: Rodriguez; Motion Carried.

Dr. Rodriguez returned to the meeting at 12:28 p.m.

**REVIEW BALANCED SCORECARD – MAY 2021**

Augustine Lopez, Chief Financial Officer, reviewed the Balanced Scorecard Summary for fiscal year 2021, year-to-date May 2021, which provided an overview of the metrics and performance of the SVMHS organizational goals for Service, People, Quality, Finance, Growth, and Community. This information was included in the Committee packet.

**FINANCIAL AND STATISTICAL REVIEW**

Augustine Lopez, Chief Financial Officer, provided a financial and statistical performance review for the month ending June 30, 2021. This information was included in the Committee packet.

Key highlights of the financial summary for June were: (1) consolidated income from operations was \$11.3 million with an operating margin of 17.9%, including \$7 million total normalizing items (net); (2) overall, SVMH gross revenues were favorable to budget; (3) SVMH payor mix was favorable to budget; (4) SVMH total normalized net patient revenues were favorable to budget; (5) patient volumes in infusion therapy, cardiology, radiology, surgery and other outpatient services were stronger than expected; (6) average daily census and total admissions were below budget; (7) total acute average length of stay was favorable to budget; (8) inpatient surgeries were below budget; (9) worked FTEs and paid FTE were unfavorable to budget; (10) management continues to address opportunities to flex staff relative to patient volumes, including a continued focus on contracted staff which was reduced by another 6 FTEs in the last period of the fiscal year; (11) days cash on hand is 373 days; and (12) routine capital expenditures end the year with \$15,387,727 below budget by 16.5.

The case mix index for all discharges (with and without COVID) based on discharges for July 2020 thru June 2021 was also reviewed. Mr. Lopez noted that there were no Medicare patient admissions related to COVID in June.

Days of net accounts receivable for the month ending June 30, 2021, was at 45, superior level of achievement for hospitals. Cash collections for the month of June were \$50 million. Mr. Lopez commended Charlotte Wayman, Director of Patient Financial Services and Registration, the Patient Financial Services, Registration and Revenue Cycle team for all their work and continued efforts.

Mr. Turner congratulated Mr. Lopez, Ms. Wayman and the team for a great job.

Mr. Lopez thanked Mr. Turner for his acknowledgement and noted that he will share it with Ms. Wayman and the team.

### **PUBLIC INPUT**

None.

### **NO CLOSED SESSION**

### **ADJOURNMENT**

There being no other business, the meeting was adjourned at 12:51 p.m. The August 2021 Finance Committee Meeting is scheduled for **Monday, August 23, 2021 at 12:00 p.m.**

Richard Turner  
Chair, Finance Committee

/rm

**RECOMMENDATIONS OF THE JULY 2021  
FINANCE COMMITTEE MEETING  
COMMITTEE OF THE WHOLE  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**July Committee Meeting  
Meeting of July 19, 2021  
To the Board of Directors**

**1. RECOMMENDATION FOR BOARD APPROVAL OF UPDATED PROJECT COST ESTIMATE AND AWARD CONTRACT TO C. OVERAA & CO. FOR THE SVMH DOWNING RESOURCE CENTER PARKING GARAGE ANNEX**

RECOMMENDATION: Recommends that the Board of Directors approve (i) the total estimated project cost for the SVMHS DRC Parking Garage Annex in the budgeted amount of \$36,000,000 and (ii) award contract for \$28,003,257 to C. Overraa & Co. for design-build services for the SVMH DRC Parking Garage Annex at the corner of San Jose Street and Wilgart Way, as presented.

**2. RECOMMENDATION TO BOARD OF DIRECTORS TO AUTHORIZE THE SVMHS PRESIDENT/CHIEF EXECUTIVE OFFICER TO APPROVE CERTAIN CHANGE ORDERS FOR THE DOWNING RESOURCE CENTER PARKING GARAGE ANNEX AND ANCILLARY IMPROVEMENTS**

RECOMMENDATION: Recommends that the Board of Directors authorize the SVMHS President/Chief Executive Officer to approve Change Orders for the Downing Resource Center Parking Garage Annex and Ancillary Improvements in amounts not to exceed four hundred fifty thousand dollars (\$450,000.00) per change order up to a total aggregate amount not to exceed five percent (5%) of the contract amount, as presented.



# Board Paper: Finance Committee

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Agenda Item: Consider Recommendation for Board Approval of HSS Inc. Contract Renewal  
Executive Sponsor: Clement Miller, COO  
Date: August 23, 2021

## **Executive Summary**

Salinas Valley Memorial Healthcare System is looking to renew the HSS Inc. service agreement. HSS provides security services to patrol the hospital parameters, hospital parking enforcement, SVMH off-sites, and patrols the employee off-site parking lot on Spicer Street (Blue lot). In addition, HSS provides valet services for hospital patients and visitors.

## **Background/Situation**

On-site 24/7 security patrolling services is crucial to ensure the safety of patients, staff, and visitors alike. In addition to patrolling, HSS assists with fixed posts, managing weapons and prohibited items, conducts searches, manages patient valuables, assists with technology testing (i.e. infant security, duress alarms, CCTV, etc.), lost and found, personnel escorts, restricted access, enforces SVMH tobacco-free policy, visitor management, morgue transports, drug disposal, personnel terminations, high-risk escorts, news media, door security, VIP visits, critical incident response (disaster plans, etc.), non-critical response (vehicle accident, etc.), vehicle assist (jump-start), missing persons, medical emergencies, security alarm response, crime scene investigations, forensic patients, parking/traffic, law enforcement liaison, cash escort, materials escort, legal holds, and security reports. In addition, the valet services HSS offers is needed to alleviate the parking burden imposed on all hospital patients/visitors to help improve the SVMH patient experience.

## **Historical Spend/Hourly Rate**

02/01/2019 - 01/31/2020: Contract \$2,148,660, Security Officer rate \$25.46/hr.  
02/01/2020 – 01/31/2021: Contract \$2,218,593, Security Officer rate \$26.48/hr. (4% increase)  
09/01/2021 – 08/31/2022: Contract \$2,275,841, Security Officer rate \$27.54/hr. (4% increase)

## **Timeline/Review Process to Date:**

08/23/2021: Finance Committee Review  
08/26/2021: Board Committee Review  
09/01/2021: Commence HSS Agreement

## **Strategic Plan Alignment:**

Provide staff, patients, and visitors with a safe work environment/health care setting. Provide patients and visitors with better access to parking

## **Pillar/Goal Alignment:**

Service    People    Quality    Finance    Growth    Community

**Financial/Quality/Safety/Regulatory Implications:**

<b>Key Contract Terms</b>	<b>Vendor: HSS Inc.</b>
1. Proposed effective date	09/01/2021
2. Term of agreement	09/01/2021 – 08/31/2022
3. Renewal terms	One year term. Term will automatically renew for one (1) year periods.
4. Termination provision(s)	May be terminated in accordance with Section 4.1 ("Termination For Cause By HSS") or 4.2 ("Termination for Convenience") of this SOW; or Section 3.3 ("Termination for Convenience by Customer") or Section 3.4 ("Termination For Cause") of the MSA
5. Payment Terms	Net 45
6. Annual cost	\$2,275,841
7. Cost over life of agreement	\$2,275,841
8. Budgeted (indicate y/n)	Yes

**Recommendation**

Consider Recommendation for Board Approval to renew Security and Valet Service Agreement between Salinas Valley Memorial Healthcare System and HSS, Inc. in the amount of \$2,275,841 for the 1 year term.

**Attachments**

(1) HSS Inc. Master Services Agreement



## MASTER SERVICES AGREEMENT

This Master Services Agreement ("MSA") is entered into, to be effective as of September 1, 2021 ("**Effective Date**"), by and between HSS Inc., a Colorado corporation having a principal place of business at 990 South Broadway, Suite 100, Denver, Colorado 80209 ("**HSS**") and Salinas Valley Memorial Health System, a public health care district organized and operating pursuant to Division 23 of the California Health and Safety Code, having a principal place of business at 450 East Romie Lane, Salinas, California 93901, and its affiliates ("**Client**"). Each of Client and HSS may be referred to herein as a "**Party**" and together as the "**Parties.**"

### RECITALS

WHEREAS, HSS is a provider of certain Services (as defined below), and desires to provide such Services to Client.

WHEREAS, Client desires to engage HSS to provide such Services to Client.

THEREFORE, the Parties agree as follows:

1. The Services. During the Term, and subject to the terms and conditions of this MSA, HSS shall provide certain services, including activities and deliverables (collectively, the "**Services**"), to Client as set forth in the Statement of Work (the "**SOW**") attached as Exhibit A. Unless expressly provided for in this MSA or in the SOW, in the event of a conflict between the provisions contained in this MSA and those contained in the SOW, the provisions contained in this MSA shall prevail.
2. Change Control Procedure. Client may request changes to the scope of the Services under the SOW by providing HSS with sixty (60) **days' advance written notice**, unless otherwise stated in the SOW. If HSS consents to the scope change request, then the **Parties will execute a change order ("Change Order")** reflecting such requested changes; provided that, Client and HSS will adjust the associated Fees for the Services according to the procedure described in the SOW for adjusting the Fees in the event of such change. If no procedure is described in the SOW, then Client and HSS shall negotiate in good faith such changes in the Services, and resulting change in the associated Fees, prior to executing the Change Order.
3. Term and Termination.
  - 3.1 Term of MSA. The term of this MSA shall begin on the Effective Date and will continue until the earlier of (i) the date upon which this MSA is terminated in accordance with the terms and conditions of this MSA, or (ii) the last day any SOW is in effect ("**MSA Term**"). The date of termination of this MSA shall be referred to as the "**Expiration Date.**"
  - 3.2 Termination of SOW. Each SOW or any portion thereof may be terminated as provided in this MSA or in the terms set forth in the SOW. Termination of all or any part of the SOW shall not terminate this MSA unless otherwise agreed to by the Parties in writing. In the event of termination of this MSA or all or any part of the SOW for any reason, HSS shall immediately stop work on the terminated portions of all SOWs and shall submit to Client an invoice with supporting information setting forth the applicable Fees and other charges for the Services provided to Client prior to the effective date of such termination, and Client shall pay HSS said amounts.

- 3.3 Termination for Convenience by Client. Client may terminate this MSA for convenience prior to the end of the MSA Term, provided that Client provides HSS with advance written notice, of its intent to terminate, no less than one hundred and twenty (120) days prior to any expiration or renewal date and pays HSS the Early Termination Fee (defined in Section 4.2), as liquidated damages, not a penalty, prior to the Expiration Date. The foregoing shall not limit the right of a Party to terminate this MSA or any SOW as provided for elsewhere in this MSA or in such SOW.
- 3.4 Termination for Cause. This MSA may be terminated by a Party for cause ("Cause"). Without limiting the right of a Party to immediately terminate this MSA or any SOW for Cause as provided for elsewhere in this MSA or in any SOW, if either Party materially breaches any of its duties or obligations under this MSA or under any SOW, including without limitation in the case of Client, Client's failure to make payments when due to HSS for the Services, and such breach is not cured within thirty (30) calendar days after written notice of the breach, then the non-breaching Party may terminate this MSA or any relevant SOW for Cause as of a date specified in such notice, or if no date is specified, then upon expiration of such cure period. A Party may terminate this MSA or any relevant SOW for Cause, effective upon delivery of written notice which shall specify such Cause, if the other Party terminates or suspends its business, becomes insolvent, admits in writing its inability to pay its debts as they mature, makes an assignment for the benefit of creditors, or becomes subject to direct control of a trustee, receiver or similar authority, or becomes subject to any bankruptcy or insolvency proceeding under federal or state law.
- 3.5 Termination of MSA Requires Termination of SOWs. Notwithstanding any other provision herein or in any SOW to the contrary, the Term of this MSA shall continue while any outstanding SOW remains in effect.
- 3.6 Continuation of Liability for Breach. Termination of this MSA shall not act as a waiver of, or as a release from liability for, any breach of this MSA. Termination or expiration of this MSA shall not affect or negate any obligation of either Party (including payment of invoices by Client) to the other arising prior to the date of such termination or expiration.

4. Payment Obligations and Fees: Taxes.

- 4.1 Failure to Pay on Time. Following Client's receipt of any invoice from HSS, Client's failure to pay amounts when due shall give HSS, in addition to any other available remedies, the right to terminate this MSA or any SOW(s) and to charge interest on delinquent amounts at the rate listed in the applicable SOW, or if no rate is listed in the applicable SOW, at the highest legal rate. Client agrees to pay all costs, expenses and fees of HSS's enforcement of this Section 4 (**"Payment Obligations and Fees; Taxes"**), including collection expenses, court costs, and reasonable attorneys' fees.
- 4.2 Early Termination Fee. If Client terminates this MSA prior to the end of the MSA Term, or terminates any SOW prior to the end of the SOW Initial Term (or the SOW Term if no SOW renewal periods are specified), Client shall pay HSS, in addition to any outstanding Fees and charges for Services rendered prior to termination, an Early Termination Fee. The Early Termination Fee is defined as: twenty-five percent (25%) of the remaining monthly recurring charges for the terminated Services for the months remaining through the end of the then-effective SOW Initial Term or the SOW Term.
- 4.3 Taxes. Except in the event that Client provides HSS with an exemption certificate, Client agrees to pay or reimburse HSS (if invoiced by HSS) all sales, service and value-added taxes, and any other tax, state or local fees or charges of any kind whatsoever (other than tax imposed upon the income or profits of HSS) (**collectively, "Taxes"**) that may become due in connection with Client's purchase of the Services under the SOW. Client shall pay to HSS the Taxes at the appropriate rate. Client and HSS shall cooperate to properly calculate any applicable Taxes. Each Party shall be responsible for all employment, unemployment, state, federal and local taxes or withholdings for its own employees, agents, and independent contractors.

5. Non-Disclosure of Confidential Information. In connection with provision of the Services to Client by HSS, or in connection with discussions between the Parties concerning their business relationship, the Parties acknowledge that each Party may be exposed to or acquire communication or data of the other Party that is confidential and not intended to be disclosed to third parties. In order to protect their proprietary, confidential, and otherwise non-public information, the Parties have agreed to the following provisions with respect to the confidentiality of information.
- 5.1 Meaning of Confidential Information. As used in this MSA, **"Confidential Information" means all nonpublic information disclosed by one party or its agents (the "Disclosing Party") to the other party or its agents (the "Receiving Party") that is** designated as confidential or that, given the nature of the information or the circumstances surrounding its disclosure, reasonably should be considered as confidential. Confidential Information includes, without limitation, (i) nonpublic information relating to the **Disclosing Party's** marketing plans, advertising materials, promotional arrangements with third parties, purchasing information, Client lists, business plans, prospects, strategic direction, pricing, technical information, manuals, techniques, training methods, finances and other business affairs, and any other forms of communication regarding the Services provided under any SOW, whether oral or written; (ii) where Client is the Disclosing Party, third-party information of Client's **patients**, including Protected Health Information (as defined in the Health Insurance Portability and Accountability Act of 1996); (iii) where HSS is the Disclosing Party, the Marks, the Marketing Materials, and the Licensed Products; (iv) Trade Secrets (as defined below) of the Disclosing Party; (v) third-party information that the Disclosing Party is obligated to keep confidential; and (vi) the terms of this MSA and all information provided pursuant to or in **connection with either Party's performance under this MSA**. Additional Confidential Information may be described in the applicable SOW(s) corresponding to provision of the Services by HSS, and each Party agrees that it shall look to such SOW(s) for such further description of the Confidential Information.
- 5.2 Trade Secret. As used in this MSA, **"Trade Secret" means trade secret as that term is defined** by the Colorado Uniform Trade Secrets Act, Colo. Rev. Stat. § 7-74-101 et seq. as it may be amended from time to time, including without limitation software or computer code.
- 5.3 Exclusions. Confidential Information does not include any information that (i) is already known by the Receiving Party at the time of its disclosure by the Disclosing Party and is not subject to other confidentiality restrictions; (ii) is or hereafter becomes part of the public domain through no fault of the Receiving Party; (iii) is, to the best knowledge of the Receiving Party, received from or furnished by a third person who is not bound by any confidentiality obligations with respect to such information, and who has not acquired or disclosed such information through a wrongful or tortious act; (d) is independently developed by the Receiving Party without reference to the **Disclosing Party's Confidential Information**; or (e) is Anonymized Data (as defined in Section 5.9). The Receiving Party may use Confidential Information only in connection with the transactions contemplated by this MSA and the associated SOW(s).
- 5.4 Obligation of Confidentiality. The Receiving Party agrees to hold all Confidential Information in strict confidence, and agrees that, without the written consent of the Disclosing Party, it shall not copy, reproduce, sell, transfer, or otherwise dispose of such Confidential Information, or **give or disclose such Confidential Information to third parties other than the Receiving Party's** employees, agents, or subcontractors who have a need to know such Confidential Information in connection with this MSA, or use such Confidential Information for any purposes whatsoever other than the performance of this MSA. The Receiving Party shall take all reasonable measures to avoid disclosure, dissemination or unauthorized use of Confidential Information, including, at a minimum, those measures it takes to protect its own confidential information of a similar nature. The Parties agree to advise their respective employees, agents, and subcontractors (**"Personnel"**) of the **confidential nature of such Confidential Information** and to direct such Personnel, and to ensure that each of such Personnel expressly agrees, to treat such Confidential Information as confidential in accordance with the terms of this MSA.
- 5.5 Cooperation to Prevent Disclosure of Confidential Information. Each Party shall use its best efforts to assist the other Party in identifying and preventing any unauthorized use or disclosure

of any Confidential Information. Without limiting the foregoing, each Party shall advise the other Party promptly in the event either Party learns of any unauthorized use or disclosure of any Confidential Information, and each Party will use commercially reasonable efforts to cooperate with the other Party in seeking injunctive or other equitable relief against any person responsible for such unauthorized use or disclosure, and in regaining possession of the relevant Confidential Information and preventing its further unauthorized use or disclosure.

- 5.6 Disclosures to Governmental Entities. The Receiving Party may disclose Confidential Information if disclosure is required under any applicable laws, regulations or directives of any government agency, tribunal or authority having jurisdiction in the matter or under subpoena or other process of law, provided that the Receiving Party (i) gives the Disclosing Party reasonable notice (to the extent permitted by law) to allow the Disclosing Party to seek a protective order or other appropriate remedy, the imposition of which protective order or other remedy the Receiving Party agrees to approve, support and fully comply with; (ii) discloses only such information as is required under any such laws, regulations, directives, or subpoena or other process of law; and (iii) uses commercially reasonable efforts to obtain confidential treatment for any Confidential Information so disclosed.
- 5.7 Ownership of Confidential Information. All Confidential Information shall remain the exclusive property of the Disclosing Party, or of the applicable third-party owner of such Confidential Information.
- 5.8 Surrender of Confidential Information Upon Written Request. Following the **Disclosing Party's** written request, the Receiving Party shall return to the Disclosing Party, or destroy, any and all Confidential Information, including all summaries, copies and excerpts of such Confidential Information, received from the Disclosing Party, or created or received by the Receiving Party **on behalf of the Disclosing Party, which is in the Receiving Party's possession, custody, or control. At the Disclosing Party's option, the Receiving Party shall provide written certification of its compliance with this Section 5.8.**
- 5.9 Anonymized Data. **Notwithstanding anything to the contrary, and subject to HSS' obligations** pursuant to this Section 5, HSS may use Anonymized Data (as defined below) for any and all purposes in its sole and absolute discretion, including **HSS's** internal use to improve services as well as use for, and with, third parties either for free or for profit. "Anonymized Data" shall mean any information that does not personally identify Client or Client's Clients/clients/patients, or personally identifiable information of Client or Client's Clients/clients/patients that has been rendered anonymous in a manner required by state or federal law, that in no way identifies the Client or the Clients' Clients/clients/patients.
6. Equitable Relief. Each Party agrees that a breach or threatened breach of **Sections 5 ("Non-Disclosure of Confidential Information") or 6 ("Non-Solicitation")** of this MSA by the other Party may result in significant and irreparable harm to the nonbreaching Party that could not be satisfactorily compensated in monetary terms, and for which the nonbreaching Party may not otherwise have an adequate remedy at law. Accordingly, in addition to any other remedies and damages available, each Party acknowledges and agrees that, in the event of any such breach or threatened breach, the nonbreaching Party may immediately seek injunctive relief without the necessity of proving inadequacy of legal remedies or irreparable harm, or posting bond, any such requirements to equitable and injunctive relief being hereby specifically waived.
7. Representations and Warranties.
- 7.1 Mutual Representations and Warranties. Each of the Parties represents and warrants that:
- 7.1.1 it is a business duly incorporated, validly existing, and in good standing under the laws of its state of incorporation or organization;
- 7.1.2 it has all requisite corporate power, financial capacity, and authority to execute, deliver, and perform its obligations under this MSA;

- 7.1.3 the execution, delivery, and performance of this MSA has been duly authorized by it and this MSA constitutes its legal, valid, and binding agreement and is enforceable against it in accordance with the terms of this MSA, except as the enforceability of this MSA may be limited by bankruptcy, insolvency, reorganizations, moratoriums, and similar laws affecting **creditors' rights generally and by general equitable principles;** and
  - 7.1.4 it shall comply with all applicable federal, state, local, or other laws and regulations as well as Client policies, procedures, and compliance program applicable to the performance by it of its obligations under this MSA and shall obtain all applicable permits and licenses required of it in connection with its obligations under this MSA. HSS acknowledges that, in accordance with regulatory and accreditation requirements, the quality of Services provided by HSS will be evaluated by Client in accordance with established indicators/metrics, and may include data reporting requirements by HSS.
- 7.2 Disclaimers.
- 7.2.1 HSS IS NOT AN INSURER OF PROPERTY AND WILL NOT BE RESPONSIBLE FOR PROPERTY DAMAGE, BODILY INJURY, OR PERSONAL INJURY SUFFERED BY CLIENT OR CLIENT'S EMPLOYEES OR AGENTS UNLESS SUCH DAMAGE **IS A DIRECT RESULT OF HSS' WILLFUL MISCONDUCT OR GROSS NEGLIGENCE.**
  - 7.2.2 EXCEPT AS SPECIFICALLY DESCRIBED IN THIS MSA, HSS MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THIS MSA. HSS DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND OTHERWISE, INCLUDING THOSE THAT ARISE THROUGH USAGE OF TRADE OR CUSTOM, COURSE OF DEALING AND COURSE OF PERFORMANCE..
  - 7.2.3 HSS MAKES SUCH FURTHER DISCLAIMERS WITH RESPECT TO HSS'S SERVICES, SYSTEMS AND EQUIPMENT AS SHALL BE SPECIFICALLY SET FORTH IN ANY SOW(S) ENTERED INTO BY AND BETWEEN THE PARTIES, AND CLIENT AGREES THAT IT SHALL LOOK TO SUCH SOW(S) FOR SUCH FURTHER DISCLAIMERS.
8. Indemnification. Client hereby indemnifies and holds HSS harmless from and against any and all liability, losses, damages, claims, causes, or actions, and any expenses associated therewith (including **reasonable attorney's fees**) **caused or asserted to have been caused by or as a result of Client's gross negligence or willful misconduct in connection with the performance of this MSA or the SOW ("Injury")** or breach of this MSA or the SOW. If the Injury is caused by the negligence or fault of both HSS (and/or any of its personnel), on the one hand, and Client, on the other hand, the apportionment of any damages shall be shared between HSS and Client **based upon the comparative degree of each other's negligence or fault**, and each shall be responsible for its own defense and costs, including but not limited to the **costs of defense, attorneys' fees, witnesses' fees and expenses incident thereto.** Subject to the foregoing, HSS ~~hereby~~ indemnifies and holds Client harmless from and against any and all liability, losses, damages, claims, cause, or actions, and any expenses associated therewith (including **reasonable attorney's fees**) **caused or asserted to have been caused by or as a result of HSS's gross negligence or willful misconduct in connection with the performance of this MSA or the SOW or breach of this MSA or the SOW.**
9. Limitations of Liability.
- 9.1 Exclusions. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES (INCLUDING FOR LOST PROFITS, COSTS OF DELAY, FAILURE OF DELIVERY, BUSINESS INTERRUPTION OR LOST, DAMAGED OR INADVERTENTLY DISCLOSED DATA OR DOCUMENTATION, OR LIABILITIES TO THIRD PARTIES ARISING FROM ANY SOURCE), REGARDLESS OF THE NATURE OF THE CLAIM, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING LIMITATION SHALL APPLY WITHOUT REGARD TO WHETHER ANY PROVISIONS OF THIS MSA HAVE BEEN BREACHED, HAVE PROVEN INEFFECTIVE, OR HAVE FAILED OF THEIR ESSENTIAL PURPOSE.

- 9.2 Limitations. THE CUMULATIVE, AGGREGATE LIABILITY OF EACH PARTY FOR ALL CLAIMS ARISING FROM OR RELATING TO THIS MSA, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR ANY OTHER LEGAL THEORY, SHALL NOT EXCEED TEN MILLION DOLLARS (\$10,000,000), PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATION SHALL NOT APPLY TO DAMAGES CAUSED BY A PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.
10. Insurance. During the term of this Agreement, each party agrees that it will keep in force insurance policies issued by an insurance carrier authorized to do business in the State of California or through a self-insurance program, in the minimum amounts specified below. Each party shall notify the other within thirty (30) days of receiving notice of cancellation of any coverage described below.
- 11.
- 11.1 **Workers' Compensation and Employer's Liability as required by state statutes.**
- 11.2 For HSS: General, Personal Injury, Professional, Automobile Liability (including bodily injury and property damage) with minimum coverage of:
- 11.2.1 Commercial General Liability/Professional Liability \$3,000,000 Aggregate/\$3,000,000 Per Occurrence
- 11.2.2 Automobile Liability \$3,000,000 Aggregate/\$3,000,000 Per Occurrence
- 11.3 For Customer: General, Personal Injury, Professional, Automobile Liability (including bodily injury and property damage) with minimum coverage of:
- 11.3.1 Commercial General Liability/ Professional Liability \$3,000,000 Aggregate/\$1,000,000 Per Occurrence
- 11.3.2 Automobile Liability \$1,000,000 Aggregate/\$1,000,000 Per Occurrence
- 11.4 Each party shall name the other as an additional insured on all liability policies
12. Proprietary Rights.
- 12.1 Ownership of Materials. Client acknowledges that, in the course of performing the Services, HSS (i) may create certain work product and deliverables provided to Client for Client's use as part of the Services, and (ii) may use, and may provide to Client for Client's use as part of the Services, documents, databases, data, software and related processes, proprietary tools, instructions, know-how, methods, techniques and the like that have been previously developed by HSS and that were created by HSS or third parties separately from the provision of the Services by HSS to Client and outside the scope of this MSA, (all items described in (i) and (ii) **collectively, the "Materials"**) and that all such Materials shall remain the sole and exclusive property of HSS or such third parties. HSS hereby grants to Client or arranges a grant to Client by such third parties, a non-exclusive, perpetual, fully paid, royalty-free license to utilize, in conformity with the terms of the applicable SOW(s) and licensing agreement(s), the Materials provided to Client for Client's use as part of the Services.
- 12.2 Trademarks, Marketing Materials and Licensed Products. Client acknowledges that HSS holds and retains **all worldwide right, title and interest in and to HSS's service marks, trademarks, trade names and logos (the "Marks") and any marketing material provided to Client by HSS (the "Marketing Material")**. HSS may, pursuant to the terms of the SOW, provide Client with proprietary material created by HSS for Client's commercial use, including but not limited to its **TEAM™ EM Solutions™ or ED Safe® programs ("Licensed Products")**. Client agrees that it will not remove, conceal, or change any Mark from any Licensed Products or associated documentation provided by HSS. Client agrees that it shall not, without written permission from HSS: (i) use any of the Marks or the Marketing Materials or the Licensed Products in any manner that is likely to cause confusion, mistake or deception as to the source or sponsorship of any goods or services in conjunction with which any of the Marks or the Marketing Materials or the Licensed Products are used; or (ii) copy, modify, reverse engineer, re-sell or sublicense any Licensed Products, binders, manuals, documentation or other materials provided by HSS.
- 12.3 Client's Obligation to Notify of Use by Third Parties. Client agrees to notify HSS promptly if Client becomes aware of any use by any third party of the Marks or the Marketing Material or the Licensed Products or any similar materials.
13. Affiliates.



- 13.1 Performance of Client Through Affiliate. For purposes of this Section 11.1, "Affiliate" means any other entity that, at any given time, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Client. The Parties agree that Client may perform some or all of its obligations under this MSA through one or more Affiliates, or may exercise some or all of its rights under this MSA through one or more Affiliates, and in such case Client agrees that (i) Client shall authorize each such Affiliate to act as an agent of Client for purposes of all such performance of Client's obligations or exercise of Client's rights by such Affiliate; (ii) Client shall guarantee, and shall remain responsible and liable for, any and all such performance of Client's obligations or exercise of Client's rights by any such Affiliates; and (iii) Client shall cause each such Affiliate to comply with the provisions of this MSA in connection with such performance of Client's obligations by such Affiliate or exercise of Client's rights by such Affiliate as if Client were performing such obligations or exercising such rights itself. Client shall be liable for any breach of this MSA resulting from Client's use of an Affiliate to perform Client's obligations or exercise Client's rights hereunder. If any disagreement between the Parties arises out of the performance of Client's obligations or exercise of Client's rights, under this MSA, by Client through its Affiliate, or out of the alleged failure of an Affiliate to comply with the conditions and obligations of this MSA when Client attempts to perform its obligations or exercise its rights under this MSA through such Affiliate, HSS shall have the right to resolve such dispute by dealing directly with Client and by pursuing an action against or recovery from Client directly, without any obligation to first pursue an action against or recovery from such Affiliate; and Client hereby expressly waives any requirement that HSS exhaust any right, power or remedy with respect to, or proceed directly against, such Affiliate, with respect to any obligation or performance or condition hereunder, prior to proceeding directly against Client.

#### 14. General.

- 14.1 Notice. All notices permitted or required by this MSA shall be in writing and shall be deemed to have been duly given: (a) on the date personally delivered; (b) three (3) business days after being mailed via United States Postal Service, certified and return receipt requested; or (c) one (1) business day after being sent by a nationally recognized overnight courier. All notices permitted or required by this MSA shall be addressed as shown below, or as may later be designated by the addressee Party. The Parties may send an additional copy via email; provided that, email notice is for convenience of the Parties only, and notice shall only be effective when sent by the methods specified in (a)-(c) in the first sentence in this section.

Client	Salinas Valley Memorial Healthcare System c/o Clement Miller, COO 450 E. Romie Lane Salinas, CA 93901 Cmiller2@svmh.com
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HSS	HSS Inc. Legal / Risk Management Department c/o Julie Richards 990 S. Broadway, Suite 100 Denver, CO 80209 Julie.richards@hss-us.com
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- 14.2 Independent Contractors. This MSA shall not create a joint venture, partnership, fiduciary relationship or other formal business relationship or entity of any kind, or an obligation to form any such relationship or entity. Each Party shall act as an independent contractor and not as an agent of the other Party for any purpose, and neither shall have the authority to bind the other, except as specifically granted herein.
- 14.3 Third-Party Beneficiaries. Except as may be expressly set forth in an SOW, this MSA is for the sole benefit of the signatories hereto and their permitted successors and assigns. Nothing, express or implied, in this MSA is intended to create or be construed to create any rights of enforcement in any persons or entities who are not signatories to this MSA.

- 14.4 Advertising. Each Party shall be prohibited from identifying its relationship with the other Party in advertising or marketing materials unless prior written consent is obtained from the other Party.
- 14.5 Construction. This MSA is the result of negotiations between, and has been reviewed by, each of the Parties hereto and their respective counsel, if any; accordingly, this MSA shall be deemed to be the product of both of the Parties hereto, and no ambiguity shall be construed in favor of or against either of the Parties hereto.
- 14.6 Entire Agreement. This MSA, together with the exhibits hereto and the documents specifically described herein as containing additional terms of this MSA, constitutes the entire agreement between the Parties relating to the matters discussed herein and may be amended or modified only with the mutual written and signed consent of the Parties.
- 14.7 Severability. The invalidity or unenforceability of any provision of this MSA shall not affect the validity or enforceability of any other provision of this MSA. If one or more provisions of this MSA are held to be invalid or unenforceable under applicable law, the Parties agree to renegotiate each such provision in good faith. In the event that the Parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this MSA, (ii) the balance of this MSA shall be interpreted as if such provision were so excluded and (iii) the balance of this MSA shall be enforceable in accordance with its terms. Further, in the event that a court of competent jurisdiction determines that any part or provision of this MSA is invalid or unenforceable, the Parties agree that the court may apply the "blue pencil" doctrine to modify such part or provision by deleting or modifying specific words or phrases so that such part or provision becomes valid and enforceable, and this MSA shall be enforceable as modified after the expiration of the time within which the judgment may be appealed.
- 14.8 Survival. The following sections shall survive the expiration or termination of this MSA: Section 4 (Payment Obligations and Fees; Taxes); Section 5 (Non-disclosure of Confidential Information); Section 7 (Equitable Relief); Section 8 (Representations and Warranties); Section 9 (Indemnification); Section 10 (Limitations of Liability); and Section 11 (Proprietary Rights).
- 14.9 Successors and Assignment. Subject to the limitations set forth in this MSA, this MSA shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns. This MSA shall not be assigned, in whole or in part, by a Party without the prior written consent of the other Party. Notwithstanding the foregoing, either Party may assign this MSA in its entirety without the consent of the other Party pursuant to a merger, acquisition, or sale of substantially all the assets of that portion of the Party's business primarily responsible for performing under or exercising rights under this MSA.
- 14.10 No Waiver. **Any failure by either Party to enforce the other Party's strict performance of any provision of this MSA shall not constitute a waiver of its right to substantially enforce such provision or any other provision of this MSA.**
- 14.11 Headings; Interpretation. The section headings hereof are for convenience only and shall not control or affect the meaning or construction or limit the scope or intent of any of the provisions of this MSA.
- 14.12 Governing Law. The validity, interpretation, construction and performance of this MSA, and the rights and obligations of the Parties shall be governed, construed and interpreted in accordance with the laws of the state of California, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that may arise directly or indirectly from this MSA, whether in contract, tort, or otherwise, the Parties hereby submit and consent to the exclusive jurisdiction of the state or federal courts located in Monterey County, California.
- 14.13 Force Majeure. Neither Party shall be liable for failure to perform or delay in performance hereunder if such failure or delay is due to fire, storm, flood, war, strike, embargo, or any act

of God or other cause or contingency beyond such Party's reasonable or foreseeable control ("Force Majeure Event"). A Party claiming a Force Majeure Event shall use its best efforts to mitigate the effects of such Force Majeure Event and shall resume performance as soon as reasonably practical, and in such case the Parties agree to renegotiate in good faith the terms and schedule for the provision of the Services.

- 14.14 Execution and Delivery: Counterparts. Execution and delivery of this MSA, the SOW, or any amendment(s) to them for which execution is contemplated, shall be legally valid and effective through: (i) executing and delivering the document through personal delivery; (ii) executing and delivering the document through commercial delivery with confirmation (e.g., FedEx, UPS); **(iii) transmitting the executed copy of the document via electronic mail in "portable document format" (i.e., ".pdf"), or other electronically scanned format; or (iv) delivering by electronic** means the document, the execution of which is accomplished through the use of an electronic process associated with such document, and executed or adopted by a party with the intent to execute such document (e.g., DocuSign®). This MSA, the SOW and/or any amendment(s) to them for which execution is contemplated may be executed in separate counterparts, each of which shall be an original, but all such counterparts together shall constitute one and the same instrument.

The Parties are executing this Master Services Agreement effective as of the Effective Date listed in the introductory paragraph.

for Salinas Valley Memorial  
Healthcare System

for HSS Inc.

\_\_\_\_\_  
Signature

DocuSigned by:  
  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**KIRSTEN BENEFIEL**  
\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

**CEO**  
\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**8/16/2021**  
\_\_\_\_\_  
Date

Exhibit A:  
STATEMENT OF WORK

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Statement of Work follows on next page.

## EXHIBIT A: STATEMENT OF WORK FOR HEALTHCARE SECURITY SERVICES

This Statement of Work for Healthcare Security Services ("SOW") shall be incorporated into and governed by the terms of that certain Master Services Agreement ("MSA") entered into on September 1, 2021 by and between HSS Inc., a Colorado corporation having a principal place of business at 990 South Broadway, Suite 100, Denver, CO 80209 ("HSS") and Salinas Valley Memorial Health System, a public health care district organized and operating pursuant to Division 23 of the California Health and Safety Code, having a principal place of business at 450 East Romie Lane, Salinas, California 93901, and its affiliates ("Client"). Either of Client and HSS may be referred to herein as a "Party" and together as the "Parties." Capitalized terms used but not otherwise defined in this SOW shall have the meanings ascribed to them in the MSA. Unless expressly provided for in this SOW or in the MSA, in the event of a conflict between the provisions contained in the MSA and those contained in this SOW or contained in any purchase order or other document that Client may issue with respect to this SOW, the provisions contained in the MSA shall prevail.

1. SOW Effective Date. This SOW is effective as of September 1, 2021 ("SOW Effective Date"), and shall remain in full force for a period of one (1) year ("SOW Initial Term") unless earlier terminated in accordance with Section 4.1 ("Termination For Cause By HSS") or 4.2 ("Termination for Convenience") of this SOW; or Section 3.3 ("Termination for Convenience by Customer") or Section 3.4 ("Termination For Cause") of the MSA. Upon expiration of the SOW Initial Term, this SOW shall automatically renew for one (1)-year periods (such period during which this SOW is effective, the "SOW Term") unless a Party provides written notice of non-renewal at least sixty (60) days before the expiration of the SOW term.
2. Change Control Procedure. See Section 2 ("Change Control Procedure") in the MSA.
  - 2.1 Changes in Staffing Levels. Staffing levels shall be as described in the Rate Table(s) attached as Exhibit A-3. Staffing levels shall be approved through mutual agreement between HSS and Client Representative and may be changed from time to time, as described in the tables below, based on assessed requirements and risk. Adjustments in staffing levels may be subject to an increase in invoiced rates. Any such changes shall be subject to Section 6.3 ("Other Adjustment of Fees"), below, and must be approved by HSS prior to implementation. HSS shall have a reasonable amount of time to make any changes to staffing levels.

Staffing Increase Type	Notice	Bill Rate	HSS Approval	Required Communication
Temporary Increases* That Are Less Than 10% of Total Contract Work Hours ("TCWH")	As soon as possible; will fill within 24 hours of HSS approval.	150% Base Rate	Required	Written Request
Temporary Increase That Are Greater Than or Equal to 10% of TCWH	30 days' notice	150% Base Rate	Required	Written Request
Permanent Increase – Any amount permanently modifying TCWH	60 days' notice	Base Rate	Required	Signed SOW Amendment

Staffing Decrease Type	Notice	Maximum Decrease	HSS Approval	Required Communication
Eliminating Temporary Increases of Less Than 10% TCWH	24 hours	Temporary hours of less than 10% TCWH	Required	Written Request

Staffing Decrease Type	Notice	Maximum Decrease	HSS Approval	Required Communication
Eliminating Temporary Increases of Greater Than or Equal to 10% TCWH	<b>14 days'</b> notice	Temporary hours of more than 10% TCWH	Required	Written Request
Permanent Decreases	<b>60 days'</b> notice	No more than 10% of current TCWH every 30 days. Each adjustment leads to a new calculation of TCWH. TCWH cannot be reduced below 90% of the original contract TCWH, which is determined as of the Effective Date. If TCWH is reduced below 90% of the original TCWH, then the Early Termination Fee will apply to decreases that go below 90%.	Required	Signed SOW Amendment

\*Temporary Increase is defined as the need for additional security staffing that is above the levels outlined in the TCWH (see Exhibit A-3). HSS shall have the right to accept or reject such request in its sole discretion. HSS may provide suggested security technologies, training and education opportunities and suggested staffing levels to Client as part of its assessment of Client facilities. HSS is not responsible for any liability resulting from Client's decisions regarding employing combinations of technology, training and education, or staffing levels.

3. Services Description. Subject to the terms and conditions of this SOW, HSS shall provide the Services to the Client as specifically set forth in the Schedule of Services attached as Exhibit A-1.
4. Termination.
  - 4.1 Termination for Cause By HSS. In addition to any other remedies available to HSS, HSS may terminate this SOW for Cause and may suspend or discontinue any of the Services as provided in this Section 4.
    - 4.1.1 **Subject to the provisions of Section 6.6 ("Acceptance of Services by Client"), below, if any invoice for any Services received by Client remains past due for a period of thirty (30) or more calendar days, HSS shall have the right to immediately suspend provision of any or all of the Services until all past-due invoices are paid in full.**
    - 4.1.2 **Subject to the provisions of Section 6.7 ("Acceptance of Services by Client"), below, any invoice not paid by Client in full when due will represent an "Occurrence." If Client incurs two (2) or more Occurrences within any twelve (12)-month period while this SOW is in effect, HSS will have the right to terminate this SOW for Cause. HSS shall provide written notice to Client of each Occurrence. Termination of this SOW by HSS for Cause pursuant to this Section shall become effective immediately upon delivery to Client by HSS of written notice of the second Occurrence.**
    - 4.1.3 If HSS personnel are exposed to extraordinary or unreasonable work conditions that endanger their mental or physical well-being due to their work environment, an unsafe work environment will be deemed to exist. In the event of an unsafe work environment, HSS will have the right to immediately suspend Services and provide Client written notice and opportunity to cure. If the conditions causing the unsafe work environment are not cured within ten (10) calendar days HSS will have the right to terminate this SOW for Cause.
  - 4.2 Termination for Convenience. Either Party may terminate this SOW for convenience prior to the end of the SOW Term, if the terminating Party (i) provides the other Party with advance written notice, of its intent to terminate, no less than one hundred and twenty (120) days prior to any

expiration or renewal date, and (ii) if Client is the terminating party, Client pays HSS the Early Termination Fee (defined in Section 4.2 of the MSA), as liquidated damages, not a penalty.

5. HSS Policies and Procedures. Client shall not unreasonably interfere with HSS's creation, administration or enforcement of policies and procedures with respect to the provision of the Services, provide such policies and procedures are consistent with Client's policies and procedures.
6. Payment and Fees.
  - 6.1 Fees. HSS will provide the Services at the rates specified ("Fees") in the Rate Tables in Exhibit A-3.
  - 6.2 Annual Adjustment of Fees. Fees for all Services shall be adjusted upwards by the target salary increase for Client employees, beginning in January each year of contract term.
  - 6.3 Other Adjustment of Fees. Fees are subject to change at any time in the event that the costs to HSS of providing the Services or benefits for its employees increase, directly or indirectly. Factors or events that may lead to increases in Fees include, but are not limited to, any increase in federal, state or local taxes, minimum wage increases, new laws or regulations or interpretations of laws or regulations that lead to increased pay or benefits, licensing fees, increases to Workers Compensation, changes to state unemployment insurance, or changes to health care laws or regulations. HSS will notify Client, in writing, of any increase to Fees no less than thirty (30) days prior to any increase taking effect. Changes in the Fees will automatically go into effect on the first day after expiration of the notice period.
  - 6.4 Overtime. Extraordinary security coverage ("Overtime") will be invoiced at one-and-one-half (1.5) times the standard invoice rate ("Overtime Rate"). Overtime will be considered to occur in the event of any of the following:
    - 6.4.1 any specific security officer is requested to work more hours than a regularly scheduled shift;
    - 6.4.2 additional temporary coverage, above the staffing levels stated in the Schedule, is requested ("Overtime Notice");
    - 6.4.3 staffing levels are increased as a result of a labor action, including but not limited to strikes or protests, at any facility listed in the Schedule or any location requested by Client (in such case, Overtime will apply regardless of whether or not Overtime Notice has been provided);
    - 6.4.4 hours are worked by HSS personnel assigned to Client on the following holidays: **New Year's Day, Presidents Day, Memorial Day, July 4th, Labor Day, Veterans' Day, Thanksgiving Day** and Christmas Day shift hours; or
    - 6.4.5 any other event described in the Schedule as an Overtime event.
  - 6.5 Invoicing. HSS shall bill bi-weekly by invoice to Client the sums due pursuant to this SOW. **HSS will send all invoices electronically to Client's designated contact. Subject to Section 6.7 ("Acceptance of Services by Client") in the SOW, Client agrees to pay in full all invoices within forty-five (45) days of receipt.** Client agrees to make all payments due by electronic funds transfer to an account designated by HSS. Any amounts not paid in full when due will be subject to a late charge of ten percent (10%) per annum. HSS may refuse payment offered by credit card in its sole discretion. Client shall be responsible for any costs of collection incurred by HSS as a result of non-payment of any amounts owed hereunder, including reasonable **attorneys' fees. This Section 6 ("Payment and Fees") shall survive the termination of this SOW and the MSA.**
  - 6.6 Acceptance of Services by Client. Following delivery to Client by HSS of any invoice for any of the sums due pursuant to this SOW, Client shall have ten (10) business days to object in writing to any of the contents of such invoice. Failure by Client to so object shall constitute acceptance by Client of those portions of the Services to which such contents of such invoice apply. If Client

in good faith disputes any portion of any invoice, Client must still pay all undisputed portions of such invoice by the original invoice due date.

7. Client Responsibilities. In order to allow efficient provision of the Services to Client by HSS, Client agrees that it shall be responsible for supplying to HSS personnel resources including sufficient furnished office space, safes or lockers for storage of equipment, if applicable, TASERs and firearms, computers with internet connection (and be granted access to certain designated HSS websites where HSS-employee material resides), radios, office supplies, freight and shipping, and access control printing supplies.

8. Contact Persons. Each of HSS and Client shall designate a contact person (such contact person **designated by HSS the "HSS Security Representative," and such contact person designated by Client the "Client Representative"**), who shall be responsible for communication with the other Party with respect to the Services. The Client Representative shall have administrative responsibility for security in Client's organization and shall have authority to act as Client's agent with respect to the Services. HSS shall have no obligation to obtain any permission required hereunder from any other person, with respect to the Services and matters related thereto. Client shall promptly notify HSS of any change of its Client Representative. HSS shall provide the Client Representative with an overall orientation in order to allow the Client Representative to become familiar with the scope and components of the HSS operation and to meet various personnel involved in HSS security administration.

8.1 Notification in the Event of Legal Demand. In the event that either Party receives any subpoena or other legal order, demand or request for records, reports, or other documentation owned by Client ("Client Records") but possessed by HSS, it shall notify the other Party according to the procedure described in this section.

8.1.1 Demand Received by HSS: Except as otherwise expressly prohibited by law, HSS shall immediately notify Client of any subpoenas, warrants, other legal orders, or demands or requests received by HSS seeking Client Records possessed by HSS; consult with Client regarding its response; cooperate with Client's reasonable requests in connection with efforts by Client to intervene and quash or modify the legal order, demand or request; and, upon Client's request, provide Client with a copy of its response.

8.1.2 Demand Received by Client: If Client receives a subpoena, warrant, or other legal order, demand or request seeking Client Records possessed by HSS, including but not limited to a request pursuant to state or federal open-records' laws, Client shall promptly notify HSS and, within ten (10) business days, HSS shall supply Client with copies of such Client Records for Client to respond.

8.1.3 In the event that Client instructs HSS not to comply with such legal order, demand or request, or any portion thereof, Client shall indemnify, defend and hold harmless HSS from any damages resulting from HSS's compliance with Client's instructions.

8.1.4 Notices permitted or required by this Section 8.1 ("Notification in the Event of Legal Demand") shall be in writing and shall be treated as given if delivered personally or by commercial messenger or courier service, or mailed by U.S. registered or certified mail (return receipt requested), or sent via facsimile, email or other electronic transmission (with receipt of confirmation of complete transmission) to the party at the party's mail or email address or facsimile number set forth below, or such other notice as the party later shall give in writing:

If to Client: Salinas Valley Memorial Healthcare System  
c/o Clement Miller, COO  
450 E. Romie Lane  
Salinas, CA 93901  
Cmiller2@svmh.com

If to HSS: Legal / Risk Management Department  
HSS Inc.  
990 S. Broadway, Suite 100



Denver, CO 80209  
Julie.richards@hss-us.com

8.2 Retention of Client Records by HSS. Any Client Record that has been in the possession of HSS for at least five (5) years (e.g., incident reports, activity reports, security footage, and the like), where Client has not requested in writing the return of such Client Record, shall be securely destroyed by HSS. Client Records shall be destroyed in a manner that preserves the **confidentiality of Client's Confidential Information. Methods of destruction for hard-copy files** may include shredding, pulping, or any other industry-standard method utilized by third-party services which regularly in the course of business verify complete destruction of sensitive documents. Methods of destruction for electronically stored materials may include any industry-standard method utilized by third-party services which regularly in the course of business verify complete destruction of electronic materials.

9. Warranties. HSS represents and warrants, that while this SOW is in effect, that HSS and its representatives:

(i) are not currently excluded, debarred, or otherwise ineligible to participate in any Federal health care program as defined in 42 U.S.C. § 1320a-7b(f) ("**Federal Health Care Program**");

(ii) have not been convicted of a criminal offense related to the provision of health care items or services and have not been excluded, debarred, or otherwise declared ineligible to participate in any Federal Health Care Program; and

(iii) are not under investigation or otherwise aware, after reasonable inquiry, of any circumstance which may result in HSS or any of its representatives being excluded from participation in any Federal Health Care Program.

HSS shall promptly notify Client of any change in the status of the representation and warranty set forth in this section. If any HSS representative performing Services under this SOW is excluded, HSS will replace that representative within a reasonable time. If HSS is excluded, Client may terminate this SOW without penalty and with applicable refund, upon notice to HSS.

10. GAO and HHS Access to Records. As applicable, HSS hereby agrees to make available to the Secretary of Health and Human Services (HHS), the Comptroller General of the Government Accounting Office (GAO), or their authorized representatives, all contracts, books, documents, and records relating to the nature and extent of the costs for the Services provided hereunder for a period of four (4) years after the furnishing of the Services. In addition, HSS hereby agrees that if Services valued at ten thousand dollars (\$10,000) or more over a twelve (12)-month period are to be provided by subcontract with a related organization, then HSS shall require by contract such subcontractor to make available to HHS and GAO or their authorized representatives all contracts, books, documents and records relating to the nature and extent of the fees for the Services provided under such subcontract for a period of four (4) years after furnishing the Services thereunder.

*[Signature page follows]*

IN WITNESS WHEREOF, the Parties hereto have caused this Statement of Work for Healthcare Security Services to be executed below by their authorized representatives, effective as of the SOW Effective Date.

for Salinas Valley Memorial  
Healthcare System

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

for HSS Inc.

DocuSigned by:  
  
\_\_\_\_\_  
Signature

**Kirsten Benefiel**  
\_\_\_\_\_  
Printed Name

**CEO**  
\_\_\_\_\_  
Title

**8/16/2021**  
\_\_\_\_\_  
Date

## EXHIBIT A-1: SCHEDULE OF SERVICES FOR HEALTHCARE SECURITY SERVICES

## Section I. Security Services

- A. Healthcare Security Services will consist of the provision of (i) unarmed, (ii) firearm armed, (iii) firearm armed and Taser equipped, or (iv) any combination of (i), (ii) or (iii) officers, uniformed or non-uniformed, including supervisory personnel, in accordance with staffing levels approved by Client, at the facilities, free standing clinics, office buildings or other locations specified in Exhibit A-2.
- B. Healthcare Security Services consists of the following duties and activities performed by the HSS Security Officers, Shift Supervisors and Site Leaders at the location(s) designated in Exhibit A-2:
- PATROL: Providing physical security presence and prevention patrols of location(s) on foot, motor vehicle, bicycle or other methods that are jointly approved by Client and HSS and in accordance with jointly approved facility or system policy and procedure.
  - FIXED POSTS: Staffing of fixed security posts as designated by approved staffing model and assessed risk to facility.
  - WEAPONS and PROHIBITED ITEMS: Managing, safeguarding and returning confiscated weapons and other prohibited items as designated by and in accordance with jointly approved facility or system policy and procedure.
  - SEARCHES: Conducting physical and/or electronic searches of individuals, personal belongings, arriving/delivered packages, and rooms or areas of the facility in accordance with Federal, State and local statutes as well as jointly approved facility or system policy and procedure.
  - PATIENT VALUABLES: Management, safeguarding and return of patient valuables in accordance with and as designated by jointly approved facility or system policy and procedure.
  - TECHNOLOGY TESTING: Assisting Security Leadership with testing of security related technology systems to include duress alarms, panic call boxes, parking area emergency phones, CCTV, access control doors and infant abduction prevention systems, in accordance with jointly approved facility or system policy and procedure.
  - LOST AND FOUND: Assisting facility staff with the management, safeguarding and return of lost and found items in accordance with and as designated by jointly approved facility or system policy.
  - PERSONNEL ESCORTS: Providing security escorts for personnel to and from vehicles when requested.
  - RESTRICTED ACCESS: Providing Security response and assistance during facility lock-down and restricted access events.
  - SMOKING CONTACTS: Enforcing tobacco-free campus in accordance with jointly approved facility or system policy and procedure.
  - VISITOR MANAGEMENT: Assisting facility staff with visitor management processes of hospital and security sensitive areas in accordance with jointly approved facility or system policy.
  - MORGUE ASSIST: Assisting facility staff with deceased patient morgue escort and release functions in accordance with jointly approved facility or system policy and procedure.
  - HELICOPTER ASSIST: Assisting facility staff with helicopter operations to include ensuring a safe landing area and traffic control in accordance with jointly approved facility or system policy and procedure.
  - DRUG DISPOSAL: Assisting facility staff with confiscated drug disposal in accordance with jointly approved facility or system policy and procedure.
  - PERSONNEL TERMINATIONS: Assisting client with high-risk employee terminations as requested and in accordance with jointly approved facility or system policy and procedure.
  - HIGH-RISK ESCORT: Providing high-risk security escorts of persons off-property in accordance with jointly approved facility or system policy and procedure.
  - NEWS MEDIA: Providing security response and assistance to news media presence in accordance with jointly approved facility or system policy and procedure.
  - LOCK/UNLOCK: Providing door and area lock-up and unlocks as requested and in accordance with jointly approved facility or system policy and procedure.

- VIP: Providing security response and assistance during Very Important Patient (VIP) visits as requested and in accordance with jointly approved facility or system policy and procedure.
  - CRITICAL INCIDENT RESPONSE: Providing security response and assistance during critical incidents and emergencies (e.g., infant or child abductions, mass casualty events in the community, etc.) in accordance with jointly approved facility or system policy, Disaster Plans and procedure.
  - NON-CRITICAL RESPONSE: Providing security response and assistance to non-critical and non-medical emergency situations (e.g., vehicle accident on property).
  - VEHICLE ASSIST: Providing vehicle jump-starts utilizing a "jump box," in accordance with jointly approved facility or system policy; provided, however, that the Client has approved a procedure to include a release-of-liability of HSS signature form. If not release-of-liability form is jointly approved **by HSS and the Client, then HSS's scope of responsibility will be limited to calling a third-party vehicle assistance service.**
  - MISSING PERSONS: Assisting facility staff with locating any missing person or patient when requested and in accordance with jointly approved facility or system policy and procedure.
  - MEDICAL EMERGENCIES: Providing security response to medical emergencies insofar as it requires managing visitors and crowds and assisting staff with other security concerns if necessary and in accordance with jointly approved facility or system policy and procedure.
  - SECURITY ALARM RESPONSE: Providing Emergency Security Alarm Response to all facility areas in order to protect persons from harm and to assist facility staff with de-escalation of situations. **HSS's security response may include assisting with restraining a patient (at the direction of medical staff) or performing a citizen's arrest of a person(s) but only if appropriate and as authorized in accordance with Federal, State and local statutes, CMS Guidelines and jointly approved facility or system policy and procedure.**
  - CRIME SCENE: Providing crime scene protection and chain-of-evidence if necessary and in accordance with jointly approved facility or system policy and procedure.
  - INVESTIGATION: Assisting the Site Leader with investigations at the request and discretion of the Client and in accordance with jointly approved facility or system policy and procedure. See also Section IV below for additional terms and conditions that apply to this function.
  - FORENSIC PATIENT: Providing Joint Commission required education for Forensic Patient officers in accordance with jointly approved facility or system policy and procedure. EXCLUSION: For the **avoidance of doubt, HSS's responsibilities will NOT include the in-person watching or monitoring of the Forensic Patient or completing any state-required paperwork arising from such monitoring.**
  - PARKING/TRAFFIC: Providing parking enforcement and traffic control in accordance with jointly approved facility or system policy and procedure.
  - LAW ENFORCEMENT LIAISON: Acting as the point-of-contact for law enforcement personnel in accordance with jointly approved facility or system policy and procedure
  - CASH ESCORT: Providing a security escort for client staff to aggregate cash assets for storage in a secure area in accordance with jointly approved facility or system policy and procedure. If Client wishes HSS to provide this service, then Client expressly acknowledges that only a TASER equipped or firearm and/or TASER equipped officer may provide this service.
  - MATERIALS ESCORT: Providing a security escort for client staff and/or vendors moving hazardous or high-value materials (e.g., radioactive, pharmaceutical, etc.) on location (but not between locations) in accordance with jointly approved facility or system policy and procedure.
  - **LEGAL HOLDS: Providing assistance to Client's staff with the physical detention or restraint of a patient who has been or is being placed on a legally authorized hold or a "forced emergency treatment" decision by an authorized medical provider following state-mandated guidelines and in accordance with jointly approved facility or system policy and procedure. Client expressly acknowledges that HSS will document in writing, and that Client will in good faith help HSS so document, the authorized medical provider's decision in the relevant security report(s).**
  - SECURITY REPORTS: Documenting Security Activities and Incidents utilizing the agreed upon system and in accordance with jointly approved facility or system policy and procedure.
- C. If the following activities are checked, then Services will also consist of the following duties and activities performed by the specified personnel at the location(s) designated in Exhibit A-2. The Client expressly

agrees that these services require additional training and skills, as described below, and these services are subject to higher pricing if selected as specified in Exhibit A-3:

- \_\_\_\_\_ PATIENT WATCHES: Providing patient watches for at-risk, violent patients in accordance with jointly approved facility or system policy and procedure. Patient watches are performed by HSS Security Officers, Shift Supervisors, PaCT/ BeST Officers and Site Leaders. Additional training in behavioral health and advanced de-escalation techniques is required to perform these services.
- \_\_\_\_X\_\_\_\_ BADGING: Providing badging management in accordance with jointly approved facility or system policy and procedure. Badging services require additional specialized training in access control, techniques, theory and specialized software.
- \_\_\_\_X\_\_\_\_ ACCESS CONTROL: Providing access control management in accordance with jointly approved facility or system policy and procedure. Access control services require additional specialized training in access control, techniques, theory and specialized software.
- \_\_\_\_\_ MASTER SECURITY OFFICERS (MSOs): MSOs are highly specialized Security Officers who, in addition to all the training received by all HSS Security Officers, also receive training on cultural integration and sensitivity, Crisis Intervention Training (CIT), and an advanced firearms training program that includes additional training on tactical skills, threat awareness and defensive techniques.
- \_\_\_\_\_ SECURITY OPERATIONS CENTER (SOC): HSS will provide a 24-hour security dispatching and alarm monitoring services to Client and its facilities through a proprietary SOC. The SOC is staffed by experienced security-trained dispatchers who support and coordinate the response of HSS security with specialized software and radio contact with officers, supervisors and vehicle patrols. The SOC may also monitor emergency communication devices and electronic security systems such as alarms and emergency call boxes.
- \_\_\_\_X\_\_\_\_ SECURITY RISK ASSESSMENTS: Conducting annual security risk assessments of high-risk processes and/or security sensitive areas as specified in the facility's Security Management Plan
- \_\_\_\_X\_\_\_\_ ANNUAL EFFECTIVENESS EVALUATION: Providing an annual report documenting the effectiveness of the facility's Security Management Plan and goals for the past year.

D. Any additional services requested by the Client, but not specifically mentioned in this SOW will only be initiated after Client and HSS assess risk and liability and additional insurance coverage and training requirements. This is not a guarantee that HSS will perform such services and HSS may, in its sole discretion, decline to perform any additional services that are not listed on this SOW. If HSS agrees to perform any additional services, they will be memorialized through a fully executed Change Order specifying any adjustments to billing or staffing requirements.

Section II. Security and Valet Personnel

A. General Description and Essential Responsibilities of Security and Valet Personnel

Position	General Description	Essential Responsibilities
HSS Security Site Leader	The HSS Security Site Leader means either a Security Program Manager, who is an exempt HSS leader at larger Client sites with greater Security Program Management needs, or a Facility Security Supervisor, who is a non-exempt HSS leader at smaller Client sites with less Security Program Management needs. The HSS Security Site Leader is an HSS employee responsible for oversight of the day-to-day security operation at a specific Client facility or facilities. Security Site Leaders	<ul style="list-style-type: none"> <li>• Performing all duties and activities performed by Security Officers and Shift Supervisors</li> <li>• Providing overall supervision and management of the day-to-day security operations and Security Department</li> <li>• Coordinating with the Client Representative on all security operations and security related training activities.</li> <li>• Functioning as the day-to-day HSS point-of-contact for the Client Representative.</li> <li>• Assisting client staff and committees with developing and/or managing:                             <ul style="list-style-type: none"> <li>o a Security Management Plan (SMP)</li> <li>o a Hazard, Vulnerability Analysis (HVA)</li> </ul> </li> </ul>

Position	General Description	Essential Responsibilities
	are assigned in a management capacity, Monday through Friday on the day shift	<ul style="list-style-type: none"> <li>○ a Workplace Violence Prevention Program</li> <li>○ an Infant and Child Abduction Prevention Program</li> <li>○ a Crime Prevention Program</li> <li>○ a Parking Enforcement Program</li> <li>○ a Drug Diversion Prevention Program</li> <li>○ a Master Key Control Program</li> <li>○ a Security Technology and Equipment Testing Program</li> <li>● Leading or assisting Client staff and committees with investigations at the request and discretion of the Client and in accordance with jointly approved facility or system policy and procedure.</li> <li>● Leading or assisting HSS with conducting risk assessments of high-risk processes and security sensitive areas as defined in the Security Management Plan and dictated by the Agreement or requested by the Client.</li> <li>● Ensuring training and compliance of all Security Officers, Security Shift Supervisors and Security Facility Supervisors.</li> <li>● Representing the Client as the Law Enforcement Liaison and building working relationships with appropriate Law Enforcement agencies.</li> <li>● Providing jointly approved security training to Client staff members.</li> <li>● Providing security orientation to new Client employees at location.</li> </ul>
Security Shift Supervisor	The Shift Supervisor means an HSS working supervisor providing continuous on-site command of the security operations for specified shifts.	The Shift Supervisor works with the HSS Site Leader to develop and implement the staffing and deployment plan and deliver Security Officer training.
Armed or Unarmed Healthcare Security Officer	The Armed or Unarmed Healthcare Security Officer means an HSS Security Officer with healthcare-specific security training and varying of use-of-force tools.	Providing Healthcare Security Services in accordance with the Agreement.
Valet Services	The valet services means an HSS teammate that provides traffic and parking related services, while reporting any observed suspicious activity in the area.	<ul style="list-style-type: none"> <li>● <b>Greets and assists customers while in the parking booth.</b></li> <li>● <b>Processes cash and credit card payments using a computerized fee system.</b></li> <li>● <b>Parks and retrieves vehicles when stacking is needed</b></li> <li>● <b>Provides light clean-up services of parking structure and valet areas</b></li> </ul>

Position	General Description	Essential Responsibilities
		<ul style="list-style-type: none"> <li>• Assists patients, visitors and guests with information, directions, and other requests</li> <li>• Monitors parking area for any suspicious activity that could result in injury to a person or damage to/loss of property and reports incidents to the security supervisor</li> <li>• Maintains a thorough knowledge of a facility or, where applicable, multiple facilities</li> <li>• Abides by all regulations and guidelines of the client facility and HSS</li> <li>• Maintains a positive working relationship with HSS employees, facility employees, patients, visitors, physicians, and general public</li> <li>• Performs other work-related responsibilities as assigned</li> </ul>

B. Security Officer and Valet Training

Each security officer assigned to Client shall receive the following training:

- HSS New Security Officer Orientation. The cost for new security officer orientation is incurred by HSS.
- Pre-assignment training and orientation specific to the Client facility environment. Training and orientation shall be no less than **twenty-four (24) hours of blended training, depending on the officer's background and experience.** Client shall allow HSS adequate and timely access to each facility for orientation purposes, including access to Client policies and procedures in order to ensure that HSS employees are aware of, and adhere to, Client policies and procedures. The cost for pre-assignment training and orientation is incurred by HSS.
- All officers will receive the approved Aggression Management and De-Escalation training being utilized **and taught by the client at the client's site. Appropriate training recertification shall occur in the third or fourth quarter each year.** The cost for the initial and annual de-escalation training time is incurred by HSS.
- Armed officers, if any, will participate in a minimum of twenty-four (24) hours of basic firearms training and eight (8) hours of annual recurrent training thereafter. The cost for firearms training is incurred by Client.
- Taser-equipped officers, if any, will participate in a minimum of eight (8) hours of Taser International approved curriculum, including training by a Taser International certified instructor, and once certified, officers will receive annual re-certification in accordance with HSS and Taser International standards and guidelines. The cost for Taser training is incurred by Client.
- Training specified by Client, including but not limited to CPR training, shall be coordinated by HSS. The cost for this training is incurred by Client.
- HSS shall provide security officers the opportunity to pursue and obtain IAHS Basic Officer Certification within one (1) year of employment with HSS. HSS shall provide security personnel the opportunity to

participate in and complete the IAHS Advanced Security Officer Certificate Program and the Supervisory Certificate Program, which require additional training for each program. The cost for training materials is incurred by HSS.

Each valet assigned to Client shall receive the following training:

- HSS new valet orientation. The cost for new valet orientation is incurred by HSS.
- Valet pre-assignment training and orientation specific to the Client facility and environment, codes and responsibilities, Client policies and procedures. The cost for pre-assignment training and orientation is incurred by HSS.
- All valet personnel will undergo Client customer service expectation training and shadow senior valet until new valet understands traffic flow patterns, safe parking practices, and locations of designated valet parking stalls. The cost for the initial and annual de-escalation training time is incurred by HSS.

### C. Personnel Screening

1. Minimum Hiring Profile. All HSS personnel assigned to Client will meet the HSS minimum hiring profile:

- Possess a current state license/registration and/or certification, as applicable and appropriate for the Services provided to Client and as required by applicable laws, regulations, or accreditation standards;
- possess high school education or GED equivalent;
- be at least 18 years old for unarmed positions;
- be at least 21 years old for positions that require carrying a firearm;
- be at least 21 years old for positions that require driving;
- possess ability to effectively speak, read, and write the English language;
- possess the physical ability required by the position;
- pass a multi-panel drug screen; and
- meet HSS requirements for employment history, security clearance and any other applicable hiring criteria.

2. Drug, Criminal, Education and Employment Checks. For each applicant meeting the minimum hiring profile described in Section C.1. above, HSS will also check the candidate's:

- previous employment history (dating back the legally permissible period),
- motor vehicle records (where legally permitted and as applicable to the position),
- achievement of education level required for the applicable position, and
- criminal background/record where legally available.

3. Attestation and Provision of Certain Policies. Upon request, HSS will provide Client with: (i) an attestation, in the form attached as Exhibit A-4 ("**Employee Attestation**"), showing that any individual HSS personnel assigned to Client have met HSS minimum hiring requirements as described in this SOW; (ii) copies of HSS policies and procedures related to personnel competency assessments and evaluations; and (iii) evidence of accreditation by the relevant accrediting body as appropriate to the Services provided.

4. Inoculations. HSS personnel assigned to Client shall have initiated the process of obtaining each of the following vaccinations, testing or appropriate declinations, prior to beginning work at any Client facility: (i) hepatitis B; (ii) tuberculosis testing (purified protein derivative (PPD) test); and (iii) measles, mumps and rubella.

Any HSS personnel failing to meet these inoculation requirements may be asked to be removed by the Client. Additional testing may be requested by Client and, in that case, the Client shall pay all costs associated with any vaccinations or testing. All inoculations shall be performed at Client facility or at such site as the Parties may otherwise agree in writing.



5. Personnel Files and Personnel Screening Records. HSS shall retain all documentation related to Personnel Screening for each of such HSS personnel for at least five (5) years after each of such HSS **personnel last provides Services under an SOW; and upon Client's request, and subject to the requirements of** applicable federal and state privacy laws, HSS will not unreasonably withhold such information from Client. A computerized summary of personnel file information shall be readily available to Client for review upon request. In the event of an audit by the Joint Commission or another healthcare accreditation organization, HSS shall produce the necessary documentation within **forty-eight (48) hours of the Client's request.** HSS shall maintain personnel files that shall include the following documents as applicable to the Services provided:

- copy of relevant certifications, registrations, licenses, and picture identification;
- results of annual competency assessments;
- In-service Certification, as appropriate to services provided, including for infection control, universal precautions, and OSHA standards for blood-borne pathogens;
- inoculation results;
- annual performance evaluations;
- criminal background checks;
- motor vehicle record checks (if applicable);
- drug and, if applicable, alcohol screens;
- job description with signature; and
- documentation of Client orientation.

6. Removal, Reassignment and Exclusion of Personnel. Client shall have the right to request removal or reassignment of any individual HSS personnel assigned to any Client facility only for a legally permissible cause; provided that, no personnel shall be permanently removed or reassigned without first consulting with HSS personnel, which may include HR and Legal representatives, as appropriate. Client is required to send any request for removal or reassignment of any HSS personnel to HSS in writing and Client shall provide reasons for the request. A removed or reassigned individual shall be replaced by HSS within a reasonable amount of time depending on the circumstances.

HSS shall not knowingly retain or employ any individual to provide Services under this SOW who is a former Client employee not eligible for rehire provided that HSS has been notified who these excluded persons are in writing.

### Section III. Security Program Records and Reports

1. Facility Orders. HSS shall maintain Facility Orders at each Client facility. Facility Orders must be **approved and signed by the Client Representative and shall outline the scope of the security department's** responsibilities and duties as set forth in this Agreement, the Security Management Plan and jointly approved client policies and procedures. Facility Orders presented to the Client Representative and not promptly signed or rejected shall be deemed signed and approved by the Client, and HSS shall have no liability arising from **the Client Representative's failure to review a Facility Order presented to the Client Representative.** Facility Orders shall be continuously updated with a formal review once per year, conducted with and approved by the Client Representative. Facility Orders are the property of HSS, and any copies shall be returned by Client to HSS upon expiration or termination of this SOW.

2. Security Documentation System. HSS will maintain a security documentation system that is meant to provide a mechanism to evaluate the effectiveness of the security-related activities. Generally, this system is comprised of Facility Orders, core competencies and task procedures. There are certain additional security reports to which the Client has access, including, for example, Security Incident Reports or Shift Pass-On Logs. The Security Incident Reports are the property of the Client; however, they are subject to Section 5.9 (Anonymized Data) of the MSA.

### Section IV. Investigations

Security investigation that do not involve HSS personnel may be authorized in advance by the Client Representative. The initial investigation and general follow-up of major security incidents involving Client personnel shall be conducted by the HSS Security Site Leader or other HSS security leaders after consultation with, and the approval of, the Client Representative or higher Client authority and, as applicable, in consultation **with Client's Human Resources department.** Investigators shall conduct inquiries in a manner that complies with

state and federal law and with Client policies, including specifically policies relating to confidentiality. Client shall advise HSS in writing when any such policy changes. HSS shall have no liability arising from any failure to comply with a policy for which Client failed to notify HSS about. Recommendations shall be made to the Client Representative following the investigation. The Client Representative shall be responsible for follow-up recommendations as a result of investigations.

## EXHIBIT A-2: SERVICE FACILITIES

Facility Name/Description	Street Address	Property City	State	Zip
Main Building	450 E. Romie Lane	Salinas	CA	93901
Clinic/MOB	212 San Jose Street	Salinas	CA	93901
Clinic/MOB	236 San Jose Street	Salinas	CA	93901
Clinic/MOB	240 San Jose Street	Salinas	CA	93901
Blue Lot	241 Abbott Street	Salinas	CA	93901

EXHIBIT A-3: STAFFING AND RATE TABLE(S)

Salinas Valley Memorial Hospital Rate Table - Through 12/31/2021							
Item	Contracted Rates		Budget Estimates*				
	Billing Unit	Billing Rate	Worked FTEs	Weekly Volume	Monthly Costs	Annual Volume	Annual Costs
Facility Supervisor	Hours	\$ 38.32	1.0	40	\$6,660	2,086	\$79,917
Shift Supervisor - Unarmed	Hours	\$ 31.05	3.2	128	\$17,268	6,674	\$207,212
Security Officer - Unarmed	Hours	\$ 27.54	19.6	784	\$93,810	40,880	\$1,125,719
Blue Lots Security Officer - Unarmed	Hours	\$ 27.54	4.0	160	\$19,145	8,343	\$229,739
Clinics Security Officer - Unarmed	Hours	\$ 27.54	2.0	80	\$9,572	4,171	\$114,869
Valet Shift Supervisor - Unarmed	Hours	\$ 31.05	1.0	40	\$5,396	2,086	\$64,754
Valet Attendant	Hours	\$ 21.42	9.6	384	\$35,747	20,023	\$428,961
Estimated Holiday "Overtime" Differential	Hours	150%			\$2,056	1,847	\$24,670
			40.4		\$189,653		\$2,275,841

\* Budget estimates are provided as a courtesy to assist in budget preparation. Budget estimates are based on volumes related to planned posts, actual volumes may vary.  
 \*\* HSS commits to maintaining all living wage requirements and, when increases are mandated by labor law requirements, will provide new invoice rates for all positions included in any mandates increases.

EXHIBIT A-4: EMPLOYEE ATTESTATION

On behalf of HSS Inc., I acknowledge and attest to Client that HSS owns, and has in its possession, a background investigation report on the individual identified below. Such background investigation report is satisfactory in that it:

\_\_\_\_\_ confirms that the individual is eligible to work in the United States;

\_\_\_\_\_ does not reveal criminal history that would preclude employment of the individual under the circumstances, including all factors related to the contemplated position;

\_\_\_\_\_ does not reveal ineligibility for rehire with any former employer, or otherwise indicate poor performance;

\_\_\_\_\_ confirms that the individual is not on either the SAM or OIG exclusion lists;

\_\_\_\_\_ confirms that the individual is not listed as a violent sexual offender;

\_\_\_\_\_ confirms the individual's eligibility under the E-Verify Program; and

\_\_\_\_\_ confirms that the individual is not on the U.S. Treasury Department's Office of Foreign Assets Control list of Specially Designated Nationals.

I further attest that the background investigation report does not include any information about prior or pending investigations, reviews, sanctions, or peer review proceedings; or limitations of any licensure, certification or registration.

I further attest that the individual below:

\_\_\_\_\_ has cleared a panel drug screen in accordance with Section 10 ("Drug, Criminal, Education and Employment Checks") of the SOW.

Identified individual subject to the background investigation and health requirements:
Name: _____
Last four digits of Social Security Number: _____

This attestation is provided in lieu of providing a copy of the background investigation report.

HSS, Inc., by its authorized representative:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# Board Paper: Finance Committee

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Agenda Item: Consider Recommendation for Board Approval of HealthStream (Learning Management System) Contract Renewal

Executive Sponsor: Clement Miller, Chief Operating Officer  
Vanessa Irwin-Nieto, Director of Education and Clinical Informatics

Date: 8/6/2021

## Executive Summary

### **Background/Situation**

HealthStream is our Learning Management System (LMS) vendor and our primary agreement is due for renewal. In addition to being a learning platform for annual regulatory modules we leverage HealthStream for a variety of other tools noted below. We began proactively planning for the upcoming renewal to include some additional products and a longer term agreement so we could benefit from a cost savings.

- Specialized courseware created by HealthStream or 3<sup>rd</sup> party vendors
- Checklist management software to support skill validation in real time
- CE unlimited – support nurses in obtaining specialty certification
- Dynamic Health Skills & Decision Support – support resources for staff at the point of care
- Jane & Preceptor Development – supports our nursing transition of practice programs

### **Timeline/Review Process to Date:**

1/25/2021 Begin dialogue with account executive regarding renewal

2/8/2021 Meeting with HealthStream to discuss initiatives and organizational needs

2/23/2021 Meeting with HealthStream to demo additional products, test sites provided

2/2021 Budgetary planning to incorporate existing & new HealthStream products

3/2021 Budget meetings with finance team

6/2021 Review of final budget to ensure approved

7/2021 Final reviews of content with SME to ensure the product meets the need (Decision support, HIPAA & Information Security)

7/19/2021 Meeting with HealthStream to finalize products to be included in agreement

8/2/2021 Meeting with HealthStream to confirm final pricing

8/10/2021 Final order form/agreement provided

### **Strategic Plan Alignment:**

Service-Enculturation of the nursing mission, vision, values, PPM, strategic plan and other work aimed at developing and sustaining a professional practice culture – staff education via eLearning.

People- Provide a supportive, encouraging and safe environment for our employees – Continuing education & specialty certification resources

Quality – Consistently improve the quality of our services - staff education via eLearning.

**Pillar/Goal Alignment:**

X Service    X People    X Quality     Finance     Growth     Community

**Financial/Quality/Safety/Regulatory Implications:**

Key Contract Terms	Vendor: HealthStream
1. Proposed effective date	9/1/2021
2. Term of agreement	60 months
3. Renewal terms	Governed by MSA – one year automatic renewal at 105% unless termed 90 days prior to the end of the subscription.
4. Termination provision(s)	Termination for cause clause included in MSA, section 10.3 can be found on page 3.
5. Payment Terms	30 days from invoice
6. Annual cost	\$91,543.90
7. Cost over life of agreement	\$457,719.50
8. Budgeted (indicate y/n)	Yes

**Recommendation**

Consider Recommendation for Board Approval of HealthStream (Learning Management System) Contract Renewal for the term of five years in the total amount of \$457,719.50.

**Attachments**

- (1) Justification for Sole Source
- (2) Order form
- (3) Master Services Agreement (Effective 7.24.15)

Justification for Sole Source Form

To: Contract Review Committee

From: Vanessa Irwin-Nieto, Education Department

Type of Purchase: (Check One)

- Non-Medical, Non-Surgical Equipment/Supplies >= \$25,000
- Data Processing/Telecommunication Goods >= \$25,000
- Medical/Surgical – Supplies/Equipment >= \$25,000
- Purchased Services >= \$350,000

Total Cost \$:	\$457,719.50 (over 5 years)
Vendor Name:	HealthStream
Agenda Item:	Master Contract Renewal

Statement of Need: My department’s recommendation for sole source is based upon an objective review of the product/service required and appears to be in the best interest of SVMHS. The procurements proposed for acquisition through sole source are the only ones that can meet the district’s need. I know of no conflict of interest on my part or personal involvement in any way with this request. No gratuities, favors or compromising action have taken place. Neither has my personal familiarity with particular brands, types of equipment, materials or firms been a deciding influence on my request to sole source this purchase when there are other known suppliers to exist.

Describe how this selection results in the best value to SVMHS. See typical examples below.

Licensed or patented product or service. No other vendor provides this. Warranty or defect correction service obligations of the consultant. Describe.

Existing SVMHS equipment, inventory, custom-built information system, custom built data inventory system, or similar products or programs. Describe. We are currently in 5 additional agreements with HealthStream that extend out to 2026. This would make switching to another vendor next to impossible due to the interdependence of the products and the HealthStream Learning Management System.

Uniqueness of the service. Describe. HealthStream products that align with our nursing transitions of practice program. These products offer data tracking and benchmarking that are unique to HealthStream.

SVMHS has established a standard for this manufacturer, supplier or provider and there is only one vendor. Describe.

Factory-authorized warranty service available from only this single dealer. Sole availability at the location required. Describe.

Used item with bargain price (describe what a new item would cost). Describe.

Other -The above reasons are the most common and established causes for an eligible sole source. If you have a different reason, please describe:

By signing below, I am attesting to the accuracy and completeness of this form.

Submitter Signature Vanessa Irwin-Nieto Date: 8/12/2021



# Order Form



**Submitted Date** August 10, 2021

**Order Number** ORD-0740307

**P.O. Number**

**Tax Exempt?** No

**Customer Information** **Name** Salinas Valley Memorial Healthcare System  
**Address** PO BOX 3827  
Salinas, CA 93912-3827

**Primary Contact** **Name** Vanessa Irwin-Nieto  
**Email** virwin@svmh.com  
**Phone** 831-759-1928

**Billing Contact** **Name** Francesca Soria  
**Email** fsoria@svmh.com  
**Phone** 8317574333

**HealthStream Information** **Name** HealthStream, Inc.  
**Address** 500 11th Avenue North, Suite 1000  
Nashville, TN 37203

**HealthStream Contact** **Name** Ryan Finnerty  
**Email** ryan.finnerty@healthstream.com  
**Phone** (615) 483-7453

**ORDER DETAILS** – The pricing set forth in this Order Form, including any applicable discounts, shall expire if this Order Form is not signed and returned to HealthStream on or before 5:00PM Central Time on September 24, 2021.

**Billing Frequency: Annually**

Product	Quantity	Unit Price	Term (Months)	Total
Checklist Management	400	\$5.99	60	\$11,980.00
hStream	2400	\$4.39	60	\$52,680.00
CE Unlimited	100	\$23.70	60	\$11,850.00
Dynamic Health Skills & Decision Support - Year 1	185	\$220.00	12	\$40,700.00
Dynamic Health Skills & Decision Support - Year 2	185	\$225.00	12	\$41,625.00
Dynamic Health Skills & Decision Support - Year 3	185	\$231.00	12	\$42,735.00
Dynamic Health Skills & Decision Support - Year 4	185	\$237.00	12	\$43,845.00

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# Order Form



Dynamic Health Skills & Decision Support - Year 5	185	\$242.00	12	\$44,770.00
HealthStream Learning Center (HLC)	2400	\$5.43	60	\$65,160.00
HealthStream Analytics	1	\$0.00	60	\$0.00
Information Security Awareness for Healthcare	2400	\$3.50	60	\$42,000.00
HIPAA Compliance for Providers	2400	\$3.50	60	\$42,000.00
Preceptor Development	30	\$78.93	60	\$11,839.50
Jane Competency - Pro	30	\$36.90	60	\$5,535.00
<b>Subtotal:</b>				<b>\$456,719.50</b>

## Billing Frequency: UpFront

Product	Quantity	Unit Price	Term (Months)	Total
HLC Administrator Training - Web-Based	2	\$0.00	1	\$0.00
Preceptor Development: Onboarding Services	1	\$1,000.00	3	\$1,000.00
Jane: Onboarding Services (Pro)	1	N/A	1	\$0.00
<b>Subtotal:</b>				<b>\$1,000.00</b>

**Grand Total: \$457,719.50**

Unless set forth in the Order Details above, the Term and invoicing under this Order Form of each Product commences on the earlier of Activation (as defined herein) or the six (6) month anniversary of the later of the signatures below. "Activation" shall mean that a Product is first made available by HealthStream for use by Customer or its Users. For existing HealthStream platform customers, invoicing will begin during the next billing cycle after the later of the two signatures below, unless this is a renewal of an existing subscription. If this is a renewal of an existing subscription, the Term and invoicing will begin following the expiration of the then current term.

### Product Specific Terms

#### Checklist Management

HealthStream **Checklist Management** is a skills validation tool that can help ensure safe, quality care and improve patient outcomes at any healthcare organization.

With Checklist Management, healthcare organizations can –

- **Standardize & Validate Skills** - Automatically assign electronic, standardized checklists throughout your organization. Associate pre-screened, qualified evaluators with each checklist to ensure that each step is validated upon completion.

# Order Form

- **Contextualize & Remediate Skills** – Add checklists to any course or curriculum to reinforce skills knowledge obtained in course content. And assign checklists to staff who may need additional practice.
- **Report & Track** – Centralize documentation of validated skills and track student progress on checklists through a variety of different reports.
- **Meet Compliance** – Pull from a variety of different reports and view student transcripts no matter when the Joint Commission is at your door.

## hStream

hStream is the essential technology that enables:

- Access to and among ecosystem applications, content, and services
- Identity and permission management
- Data storage and back-up
- Security protection

A subscription to hStream is required for each User accessing any application on the HealthStream Platform and provides Membership benefits, such as:

- New functionality within existing applications
- Pricing discounts
- Free and optional access to certain hStream enabled tools, applications, and content
- Facilitation of certain content delivery
- Access to selected free content, such as certain continuing education courses and OneSource medical product training library

CE Unlimited shall mean a collection of courseware offering continuing education ("CE") credit from multiple content partners.

Specific features of CE Unlimited include:

- Integration with the HealthStream Learning Center and hStream platform for unified administrator reporting and assignments, as well as User My Learning and My Transcript.
- Management of the courseware collection by HealthStream with quarterly, Customer communication outlining updates.
- A welcome toolkit including various tutorials, educator tools and internal marketing support materials to assist with User adoption and utilization.
- Support Services provided via email and telephone as described below.
- User access to the CE Center transcript.

## EBSCO Dynamic Health Skills

The Minimum Browser Requirements for EBSCO interfaces are as follows:

- Internet Explorer 8.0 or later. Effective July 1, 2017, EBSCO will stop supporting Internet Explorer 8.0 and 9.0, due to security risks. Until 2017 all currently existing functionality, as of May 2016, that is supported in IE 8.0 and 9.0 will continue to be supported, however all newly released services and features will only be supported in IE 10.0 or higher.
- FireFox Latest version plus one previous version
- Safari Latest version plus one previous version
- Google Chrome Latest version plus one previous version

\*JavaScript and cookies need to be enabled

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Additional information related to technical requirements can be found here: [http://support.ebsco.com/knowledge\\_base/detail.php?id=25](http://support.ebsco.com/knowledge_base/detail.php?id=25)

There are a number methods for authentication that an institution can be chose from:

- IP Address

# Order Form

- Patterned IDs
- Patron ID files
- Referring URL
- User ID and Password
- Cookie
- OpenAthens
- Shibboleth
- HTTPS
- Personal User
- Guest Access

Additional information related to authentication can be found here: [http://support.ebscohost.com/knowledge\\_base/detail.php?topic=996&id=3572&page=1](http://support.ebscohost.com/knowledge_base/detail.php?topic=996&id=3572&page=1).

## Training

HealthStream will provide the following onboarding and training materials for both administrators and end users –

- Customer Toolkit – delivered in activation letter form the HealthStream Onboarding Specialist
- eLearning Training Modules (available as HealthStream courseware)
- Training tutorial for EBSCO Health native application (available as HealthStream courseware)

EBSCO Health provides training the following training options on their native application. These can be planned and coordinated with the EBSCO Health Success Manager or by contacting [customersuccess@ebsco.com](mailto:customersuccess@ebsco.com).

- On-Demand Training
- Regularly Scheduled WebEx Training Sessions
- Customized WebEx Training Sessions

## HealthStream Learning Center with Authoring Center and SCORM Import Tool (HLC)

HealthStream Learning Center ('HLC') shall mean access by Customer to HealthStream's web-based Learning Management System. This Learning Management System enables Customer to deliver a variety of learning activities, create assignments, and generate configurable reports.

Specific features of the HLC include:

- Software as a Service ('SaaS') delivery model where HealthStream provides hardware, hosting, and site maintenance
- Authoring Center (see details below)
- SCORM Import Tool (see details below)
- Ability to create, distribute, and manage on-line content
- Ability to schedule and manage live events such as classroom-based education
- Group courses into curriculums
- Customizable catalog functionality
- Assignment engine that enables administrators to assign learning to various users
- Assessment tool for creating tests and evaluations
- Customizable CE certificate creation
- Transcript functionality
- Configurable and schedulable reports
- Support Services provided via email and telephone between the hours of 7 am and 7 pm Central time Monday through Friday, excluding HealthStream published holidays

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The Authoring Center product includes the following items:

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- Access to a secure hosting environment integrated into the HealthStream Learning Center for storing and launching HTML and other web enabled content. A list of supported file types is listed in the Authoring Center Policies attached below.
- Access to HealthStream's HTML Editor tool for creating HTML course pages that can be played and distributed through the HealthStream learning Center.
- Access to the Content Management feature that allows the organization to manage and create content for use in the HealthStream Authoring Center.
- Access to HealthStream's Public Courseware Exchange that enables an organization to post and make copies of courses created by other organizations.

By purchasing the HLC, Customer agrees to abide by HealthStream's Authoring Center policies. HealthStream reserves the right to amend and update these policies from time to time and will communicate any changes to Customer as appropriate.

HealthStream Authoring Center Policies and Guidelines As of March, 2014

To ensure high performance standards for clients, HealthStream has adopted the following policies and guidelines for our HLC platform to:

- Protect all customers from loading files that could threaten the integrity of the HLC.
- Ensure the highest performance possible for our customer's authoring experience.
- Prevent unauthorized use of the site, such as posting protected intellectual property without the owner's permission, use of the FTP site as non-authoring asset file storage, or use of files that are, in general, not being used in authored courses.

These guidelines and policies will protect your organization's investment in authored courses and provide for the best possible end-user experience.

## Policies

- No single file uploaded to the HealthStream authoring servers may be larger than 25 megabytes. Also, no course 'page' can contain assets that total more than 25 megabytes. The total disk space required by the entire course may be larger than 25 megabytes, but no single file or page can be. This policy ensures that course pages load in a timely manner for an optimal end user experience.
- All files uploaded to HealthStream's authoring servers (authoring FTP sites) must be on the HealthStream approved file types list. This policy exists to protect all users of the HLC from the potential damage caused by malicious or carelessly constructed content. HealthStream amends our list of allowable file types from time to time and will communicate any additions or deletions from the list by updating a copy of these Authoring Policies found in the on-line help section of the HLC. Please see 'Allowable file types for authored content' below for the current list of allowable files.
- All content must be self-authored and for internal purposes only. Except for content from the A.D.A.M. resource library, content may not be purchased from a third party and uploaded to the Authoring Center without prior written approval from HealthStream, which will be in HealthStream's sole discretion. Further, content uploaded to the Authoring Center should be for internal business purposes only and not for any commercial purposes related to your organization. HealthStream makes no representations or warranties regarding the availability, functionality, security, or performance of any third party content uploaded to or accessed via the Authoring Center as permitted by these policies.
- Only assets that will be used in authored courses may be uploaded to the HealthStream servers. Do not use HealthStream's Authoring Center for general file storage or for other unauthorized purposes.
- Any assets loaded to HealthStream's servers that are or may be out of compliance with the policies detailed above may be deleted at HealthStream's sole discretion.

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- Courses that invoke communication features, such as email or ftp, must use standard http/https and sftp/ftp ports and must require no server side technologies such as smtp, asp, Cold Fusion, etc.
- Customers are responsible for keeping back-up copies of all assets published to the Authoring Center. In the event that HealthStream deletes a needed file for a policy violation, restoring this file is the responsibility of the customer. Authoring servers should be used for content delivery and should NOT be the only servers where your files exist.

## Allowable file types for authored content

HealthStream reserves the right to delete files that are not of these types for the protection of all authoring customers. Please contact HealthStream Customer Service if you have any questions about these allowable file types.

- .au, audio/basic
- .css, text/css
- .doc, .docm;
- .docx,
- .dotm application/vnd.msword
- .dotx
- .flv, video/x-flv
- .gif, image/gif
- .htm, text/html
- .html, text/html
- .jar, application/java-archive
- .jpe, image/jpeg
- .jpeg, image/jpeg
- .jpg, image/jpeg
- .js, application/x-javascript
- .mov - quicktime movie
- .mp2, video/mpeg
- .mp3, audio/mpeg
- .mp4
- .mpa, video/mpeg
- .mpv2, video/mpeg
- .pdf, application/pdf
- .png, image/png
- .potm - PowerPoint 2007 Macro-Enabled XML Template
- .potx - PowerPoint 2007 XML Template
- .ppam - PowerPoint 2007 Macro-Enabled XML Add-In
- .ppsm - PowerPoint 2007 Macro-Enabled XML Show
- .ppsx - PowerPoint 2007 XML Show
- .ppt, .pptx, application/vnd.ms-powerpoint
- .pptm - PowerPoint 2007 Macro-Enabled XML Presentation
- .pptx - PowerPoint 2007 XML Presentation
- .swf, application/x-shockwave-flash
- .txt, text/plain
- .vsd, .vss, application/visio
- .xhtml, text/html
- .xlam - Excel 2007 XML Macro-Enabled Add-In
- .xls, .xlsx, application/vnd.ms-excel
- .xlsb - Excel 2007 binary workbook (BIFF12)
- .xlsm - Excel 2007 XML Macro-Enabled Workbook
- .xlsx - Excel 2007 XML-Enabled Sheet

- .xltm - Excel 2007 XML Macro-Enabled Template
- .xltx - Excel 2007 XML Template
- .xml, text/html
- .xsd, text/html
- .zip, application/zip (Only when transporting SCORM packages)

## SCORM Import Tool Policies and Guidelines

Customer acknowledges that it will use the SCORM Import Tool only to load content for which it has a legal copyright or permission from the copyright owner to distribute within its organization. Customer and its affiliates will provide to HealthStream in writing an affirmation of its permission to distribute any copyrighted material for which it is not the copyright owner prior to loading the material to its Authoring Account. HealthStream reserves the right to deny client permission to upload any content not authored by the Customer. Further, Customer agrees to abide by all of HealthStream's Authoring Center policies as stated in this addendum and amended from time to time for the duration of its use of the SCORM Import Tool.

HealthStream's SCORM Import Tool allows Customers to import SCORM conformant content packages to the HLC for use as course material. SCORM is an acronym for 'Sharable Content Object Reference Model.' This learning industry standard is overseen by Advanced Distributed Learning, a research group sponsored by the United States Department of Defense. After import, SCORM content objects are available from the HLC as an Authored SCORM Learning Activity.

## Usage Restrictions

- SCORM packages must be standard zip files
- SCORM packages must be less than 100 megabytes.
- The SCORM Package Import Feature may not be used to import 3rd party courses without express written permission from HealthStream.
- The Customer is responsible for providing conformant SCORM packages prior to using the SCORM Package Import Feature. HealthStream strongly recommends that the Customer use the free SCORM package testing application called 'TestTrack' that is available at [www.scorm.com](http://www.scorm.com) to test SCORM packages for conformance prior to using HealthStream's SCORM Import Tool.

HealthStream does not provide support for content created using instructional design creation tools not sold and provided by HealthStream.

## HealthStream Administrator Training – Learning (Webinar)

HealthStream will provide training seats via Webinar format as set forth in the Order Details above. Customer may send additional personnel at the standard fee per person or purchase additional seats for training during the term of this Order Form.

Customer may enroll administrators in HealthStream Learning Administrator Training via webinar. The Administrator Training via webinar is not recommended for new administrators who have no previous experience with the HealthStream Learning application.

Webinar training consists of 15 hours of webinar instruction broken into several topic areas, with recommended participation in the following order:

- HealthStream Learning - Fundamentals (two (2) two (2)-hour sessions)
- HealthStream Learning - Learning Development (two (2) two (2)-hour sessions)
- HealthStream Learning - Class Management (one (1) two (2)-hour session)
- HealthStream Learning - Enterprise Functionality (one (1) one (1)-hour session)
- HealthStream Learning - Authoring Center (one (1) two (2)-hour session)
- HealthStream Learning - CE Credit Management (one (1) two (2)-hour session)

## Preceptor Pathway

The HealthStream Preceptor Development Pathway ("Pathway") incorporates content and functionality to support the development of clinical preceptors.

The Pathway includes:

- a courseware library;
- video vignettes;
- behavioral assessment;
- skills validation checklists; and
- a compliment of tools and templates to support the delivery of a blended learning preceptor program.

All of the components of the Pathway are delivered to the Customer as two curricula: one for the student preceptor, and one for the program administrator.

### Onboarding Services Terms - Preceptor Development

HealthStream's onboarding services provide support from contracting through initial implementation and training.

The HealthStream Implementation Manager will oversee the technical configuration and set-up process, including data imports, and other operational services.

During the implementation process, the Customer will be responsible for providing:

Dedicated resources necessary to support the launch of Preceptor Development, which may include members from:

Learning Management

IT/Technology

Human Resources

Clinical Education/Onboarding

Desired launch date goal

Participation by program administrators in all training activities required to effectively manage the program

Providing demographic, certification or licensure user data to support the program (if applicable)

The HealthStream Clinical Engagement Specialist will provide guidance to support the product launch and throughout the first cohort. Activities will include:

Engaging with key Customer stakeholders to set expectations for program preparation, launch, and ongoing management

Assisting in the development of client goals, and developing an engagement plan to meet Customer's needs

Conducting onsite Organizational Readiness Assessment (8 hours), to be completed within six months of purchase, unless otherwise indicated in the Order Details above

Providing access to the online Preceptor Development Community of Practice

Travel expenses for the Clinical Engagement Specialist will be billed to Customer separately, and will consist of reasonable expenses for transportation, lodging, and meals.

Additional requests or customizations required by Customer may be subject to additional fees.

### Jane™ Competency - Pro

Jane™ harnesses the power of artificial intelligence (AI) to create a system that personalizes competency development at scale, quickly identifies risk and opportunity, and improves quality outcomes. Leveraging decades of research and with over 4 million assessments completed, Jane™ was designed to power lifelong, professional growth of clinical professionals. It includes:

- ePortfolio with CTracker
- Knowledge Assessments
- Personalized Competency Scorecard
- Interdisciplinary CE Library (CEPath)
- Release Notes



# Order Form



Jane™ requires a minimum 5 Mbps internet connection (download speed).

HealthStream shall provide the following Implementation Services for the Jane Competency Solution.

## Implementation Activities

HealthStream's Implementation Team will ensure that the Customer site is configured to optimize the desired rollout approach as mutually agreed to, and support Customer as follows:

- Conduct implementation kick-off call with key stakeholders to understand Customer specific needs and set expectations for post-implementation follow-up
- Provide access to content
- Identify clinical/administrator leads who will be responsible for managing the Product at the Customer site(s)
- Identify and address additional platform training needs for the clinical/administrator leads, as mutually agreed to by the parties
- Assign initial clinical/administrator lead training materials
- Review available Customer resources
- Conduct hand-off call with Success Management team

During the implementation process, the Customer will be responsible for providing:

- Dedicated resources necessary to support the launch of the Product, which may include members from:
  - Learning Management
  - IT/Technology
  - Human Resources
  - Clinical Education/Onboarding
- Desired launch date goal
- Participation by program administrators in all training activities required to effectively manage the program
- Providing demographic, certification or licensure user data to support the program (if applicable)
- Provide confirmation for the location of the supporting residency node within the HealthStream site hierarchy.

## HealthStream ePortfolio

HealthStream ePortfolio is an expanded User profile that collects and stores individual User learning, education and employment data to, among other things, render a digital portfolio for the benefit of the Customer and each individual User. Specific features of ePortfolio include, but are not limited to:

- Expanded "Profile" to allow Users to input education, experience, membership and other personal data as part of each User's ePortfolio
- Move and hide sections within the overall profile
- Integration with the HealthStream Learning Center and HealthStream Core Foundations allows system data to directly populate a User's ePortfolio profile
- Ability to generate and format a resume based on ePortfolio User data
- Document management – allows Users to upload documents and link files to profile elements

Customer acknowledges that HealthStream may provide Users with a copy of their individual ePortfolio profile data for accreditation, licensing and the User's personal use.

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**CE Unlimited** shall mean a collection of courseware offering continuing education ("CE") credit from multiple content partners.

Specific features of CE Unlimited include:

- Integration with the HealthStream Learning Center and hStream platform for unified administrator reporting and assignments, as well as User My Learning and My Transcript.

# Order Form



- Management of the courseware collection by HealthStream with quarterly, Customer communication outlining updates.
- A welcome toolkit including various tutorials, educator tools and internal marketing support materials to assist with User adoption and utilization.
- Support Services provided via email and telephone as described below.
- User access to the CE Center transcript.


This Order Form, including all attachments and exhibits hereto, and the use of the Service(s) ordered shall be governed in all cases by the Master Services Agreement dated July 24, 2015 (the "Agreement" or "MSA") between Customer and HealthStream, Inc., as amended.

This Order Form is intended by both parties to run for the full term set forth for each Service in the Order Details table above, and the parties acknowledge they are aware of the current expiration date of this Order Form and the provisions for renewal and termination set forth in the Agreement. Third party courseware runs for the full term set forth herein and is not subject to any renewal provisions set forth in the Agreement. In the event the Agreement is terminated or expires prior to the expiration of the full term set forth above for each Service, the term of each Service license shall also expire at that time and the Customer will not recover any fees paid in advance for the Product(s) for any part of the term or quantity for that Product or those Products that go unused, except as otherwise provided in the Agreement.

IN WITNESS WHEREOF, and intending to be legally bound hereby, each party hereto warrants and represents that this Order Form has been duly authorized by all necessary corporate action and that this Order Form has been duly executed by and constitutes a valid and binding agreement of that party.

**HealthStream Inc.**

**Salinas Valley Memorial Healthcare System**

By:   
By: Michael Collier (Aug 10, 2021 09:07 CDT)  
Print Name: Michael Collier  
Print Title: General Counsel & SVP  
Date: Aug 10, 2021

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Print Title: \_\_\_\_\_  
Date: \_\_\_\_\_

# Master Services Agreement



This Master Services Agreement ("Agreement") is entered into and effective as of July 24, 2015 ("Effective Date") by and between HealthStream, Inc., a Tennessee corporation, having its principal place of business at 209 10<sup>th</sup> Avenue South, Suite 450, Nashville, Tennessee 37203 ("HealthStream") and Salinas Valley Memorial Healthcare Systems, having its principal place of business at 450 E Romie Ln, Salinas, CA, 93901 ("Customer"). Unless otherwise specified herein, this Agreement shall supersede any and all previous master services or similar agreement(s) between HealthStream and Customer.

For good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

## 1. Definitions.

"Online Service(s)" means certain Service(s) provided by HealthStream to Users over the Internet or other similar computer networks (excluding courseware).

"Order Form" means the ordering documents, including any order forms or project specification outlines (PSOs), representing the initial purchase of any Services as well as any subsequent purchases agreed to between the parties in writing from time to time, that are signed under this Agreement and deemed incorporated into Exhibit A. Customer has designated those entities set forth on Exhibit B as additional purchasers with the authority to enter into Order Forms under this Agreement and bind Customer.

"Service(s)" means all service(s) provided by HealthStream, including but not limited to Online Service(s).

"Users" means Customer's employees, consultants, contractors, clients or agents who are authorized to use the Online Service(s) and have been supplied user identifications and passwords by Customer (or by HealthStream at Customer's request).

2. **Provision of Service(s).** HealthStream shall make the Service(s) available to Customer pursuant to the terms and conditions set forth in this Agreement and any and all Order Forms executed under this Agreement from time to time.

## 3. Use of Online Service(s).

3.1 **Dependent Online Service(s).** Certain Online Service(s) including, without limitation, courseware services, authoring services, and dictionary services (collectively the "Dependent Online Services"), require other Online Service(s) including, without limitation, Learning Center (in one of several versions) and Competency Center (collectively the "Required Online Services"), to be licensed by Customer to enable the Customer to use the Dependent Online Services. HealthStream may require and Customer shall agree to contract for, license and purchase at least the minimum level of Required Online Services as determined from HealthStream from time to time as a pre-requisite to contracting for, licensing and purchasing the Dependent Online Services. All relationships between Required Online Services and Dependent Online Services shall be detailed in the applicable Order Form(s).

3.2 **HealthStream Responsibilities.** HealthStream shall: (a) provide telephone and online standard support to designated representatives of Customer; and (b) use commercially reasonable efforts to make the Online Service(s) generally available 24 hours a day, 7 days a week, except for: (i) planned downtime; or (ii) any unavailability caused by circumstances beyond HealthStream's reasonable control, including without limitation, acts of God, acts of government, flood, fire, earthquakes, civil unrest, acts of terror, strikes or other labor problems (other than those involving HealthStream employees), computer, telecommunications, Internet service provider or hosting facility failures or delays involving hardware, software or power systems not within HealthStream's possession or reasonable control, and network intrusions or denial of service attacks.

3.3 **Customer Responsibilities.** Customer is responsible for all activities that occur under Customer's User accounts. Customer shall:

(a) have sole responsibility for the accuracy, quality, integrity, legality, reliability, and appropriateness of all Customer Data; (b) use commercially reasonable efforts to prevent unauthorized access to, or use of, the Online Service(s), and notify HealthStream promptly of any unauthorized use; and (c) comply with all applicable local, state, federal, and foreign laws in using the Online Service(s) and, if using the Online Service(s) outside of the United States, not use the Online Service(s) in a manner that would violate any federal or state laws of the United States if conducted in the United States.

3.4 **Use Guidelines.** Customer shall use the Online Service(s) solely for its internal business purposes as contemplated by this Agreement and shall not: (a) license, sublicense, sell, resell, rent, lease, transfer, assign, distribute, time share or otherwise commercially exploit or make the Online Service(s) available to any third party, other than as contemplated by this Agreement; (b) send spam or otherwise duplicative or unsolicited messages in violation of applicable laws; (c) send or store infringing, obscene, threatening, libelous, or otherwise unlawful or tortious material, including material harmful to children or violative of third party privacy rights; (d) send or store material containing software viruses, worms, Trojan horses or other harmful computer code, files, scripts, agents or programs; (e) interfere with or disrupt the integrity or performance of the Online Service(s) or the data contained in the Online Service(s); or (f) attempt to gain unauthorized access to the Online Service(s) or its related systems or networks.

## 4. Fees & Payment.

**Fees.** Customer shall pay all fees specified in all executed Order Forms. In the case of Online Service(s) and except as otherwise provided: (a) fees are based on the number of User subscriptions purchased in the relevant Order Form, not the extent of actual usage; (b) fees are non-refundable; (c) the number of User subscriptions purchased cannot be decreased during the relevant subscription term stated on the Order Form; and (d) User subscriptions are for named Users and cannot be shared or used by more than one User but may be reassigned from time to time to new Users replacing former Users who have terminated an employment or some other prior relationship with Customer, changed job status or function, or otherwise no longer require ongoing use of the Service. Unless otherwise specified in the relevant Order Form, (a) the term of the transferred User subscriptions shall be coterminous with the expiration of the then current subscription term; and (b) pricing for the transferred User subscriptions shall be the same as that for the pre-existing subscriptions. HealthStream shall have the right at all times to review and audit the number of Users for any Online Service and to bill Customer for any Users in excess of that number of properly licensed and paid Users under all Order Forms and subscriptions.

4.1 **Invoicing & Payment; Suspension of Service.** Customer shall maintain complete and accurate billing and contact information with HealthStream at all times. Fees for the Service(s) will be invoiced in advance and otherwise in accordance with the terms set forth in the relevant Order Form. Unless otherwise stated in the Order Form, charges are due 30 days from the invoice date and all payments made under this Agreement shall be in United States dollars. Any payment not received from Customer by the due date may accrue (except with respect to charges then under reasonable and good faith dispute), at HealthStream's discretion, late charges at the rate of 1.5% of the outstanding balance per month, or the maximum rate permitted by law, whichever is lower, from the date the payment was due until the date

paid. If Customer's account is thirty (30) days or more overdue (except with respect to charges then under reasonable and good faith dispute), in addition to any of its other rights or remedies, HealthStream reserves the right to suspend the Service(s) provided to Customer, without liability to Customer, until the overdue amounts are paid in full.

**4.2 Taxes.** Unless otherwise stated, HealthStream's fees do not include any local, state, federal or foreign taxes, levies or duties of any nature ("Taxes"). Customer is responsible for paying all Taxes, excluding only taxes based on HealthStream's income. If HealthStream has the legal obligation to pay or collect Taxes for which Customer is responsible under this section, the appropriate amount shall be invoiced to and paid by Customer unless Customer provides HealthStream with a valid tax exemption certificate authorized by the appropriate taxing authority.

## 5. Proprietary Rights.

**5.1 Reservation of Rights.** Customer acknowledges that in providing the Service(s), HealthStream utilizes (a) the HealthStream name, the HealthStream logo, the HealthStream domain name, the product and service names associated with the Service(s), and other trademarks and service marks; (b) certain audio and visual information, documents, software and other works of authorship; (c) certain processes including, but not limited to, HealthStream's databases, questionnaires, market research procedures, tabulation procedures, creative processes, statistical methods, and production methods; and (d) other technology, software, hardware, products, processes, algorithms, user interfaces, know-how and other trade secrets, techniques, designs, inventions and other tangible or intangible technical material or information (collectively, "HealthStream IP") and that the HealthStream IP is covered by intellectual property rights owned or licensed by HealthStream (collectively, "HealthStream IP Rights"). Other than as expressly set forth in this Agreement, no license or other rights in or to the HealthStream IP or HealthStream IP Rights are granted to Customer, and all licenses and rights are expressly reserved.

**5.2 License Grant.** HealthStream grants Customer and its Users a worldwide, non-exclusive, non-transferable, non-sublicensable right to access and use the Online Service(s) in accordance with the terms of this Agreement.

**5.3 Restrictions.** Customer shall not (a) modify, copy or create derivative works based on the Service(s) or HealthStream IP; (b) create Internet "links" to or from the Online Service(s), or "frame" or "mirror" any content forming part of the Online Service(s), other than on Customer's own intranet; or (c) disassemble, reverse engineer, or decompile the Service(s) or HealthStream IP, or access it in order to build a similar or competitive product or service or copy any ideas, features, functions or graphics of the Service(s).

**5.4 Customer Data.** As between HealthStream and Customer, all data obtained by HealthStream from Customer through the provision of the Service(s) (collectively, the "Customer Data") is owned exclusively by Customer. Customer grants HealthStream an unrestricted, royalty-free, irrevocable license to maintain and distribute aggregated compilations of Customer Data ("Aggregated Data") and to use such Aggregated Data for future studies and reports; provided, however, that the Aggregated Data will not reveal any personal information or the identity of Customer. HealthStream may distribute certain Customer Data to licensing and accreditation organizations for the benefit of Users. HealthStream will release the minimum data required to adequately credit Users for educational activities completed. All Customer Data may be copied, displayed, published and otherwise used by the Customer; provided, however, that Customer hereby agrees that it shall not utilize or present the Customer Data in any manner that materially misrepresents the Customer Data. HealthStream shall hold all completed survey instruments prepared in connection with the Service(s) for which HealthStream distributes surveys on behalf of Customer for a period of 90 days following delivery of such survey instruments, after which time all survey instruments shall be destroyed, although HealthStream shall maintain electronic copies of the survey data.

**5.5 Suggestions.** HealthStream shall have a royalty-free, worldwide, perpetual license to use or incorporate into the Service(s) any

suggestions, ideas, enhancement requests, feedback, recommendations or other information provided by Customer or its Users relating to the Service(s).

## 6. Confidentiality.

**6.1 Definition of Confidential Information.** As used in this Agreement, "Confidential Information" means all confidential and proprietary information of a party ("Disclosing Party") disclosed to the other party ("Receiving Party"), whether orally or in writing, that is designated as confidential or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure including, without limitation, the terms and conditions of this Agreement (including pricing and other terms reflected in all Order Forms under this Agreement), the Customer Data, the Service(s), the HealthStream IP, business and marketing plans, technology and technical information, product designs, and business processes. Confidential Information (except for Customer Data) shall not include any information that: (a) is or becomes generally known to the public without breach of any obligation owed to the Disclosing Party; (b) was known to the Receiving Party prior to its disclosure by the Disclosing Party without breach of any obligation owed to the Disclosing Party; (c) was independently developed by the Receiving Party without breach of any obligation owed to the Disclosing Party; or (d) is received from a third party without breach of any obligation owed to the Disclosing Party.

**6.2 Confidentiality.** The Receiving Party shall not disclose or use any Confidential Information of the Disclosing Party for any purpose outside the scope of this Agreement. Each party agrees to protect the confidentiality of the Confidential Information of the other party in the same manner that it protects the confidentiality of its own proprietary and confidential information of like kind, but in no event shall either party exercise less than reasonable care in protecting the Confidential Information. If the Receiving Party is compelled by law to disclose Confidential Information of the Disclosing Party, it shall provide the Disclosing Party with prior notice of the compelled disclosure (to the extent legally permitted) and reasonable assistance, at Disclosing Party's cost, if the Disclosing Party wishes to contest the disclosure.

**6.3 Remedies.** If the Receiving Party discloses or uses (or threatens to disclose or use) any Confidential Information of the Disclosing Party in breach of this Section 6, the Disclosing Party shall have the right, in addition to any other remedies available to it, to seek injunctive relief to enjoin the acts, it being specifically acknowledged by the parties that any other available remedies are inadequate.

## 7. Warranties & Disclaimers.

### 7.1 Warranties.

(a) **General.** Each party represents and warrants that it has the legal power to enter into this Agreement. HealthStream represents and warrants that (i) it will provide the Service(s) in a manner consistent with general industry standards reasonably applicable to the provision of the Service; (ii) it owns or otherwise has sufficient rights to the Service(s) and the HealthStream IP to grant the rights and licenses granted in this Agreement; (iii) it will perform the Services in a skillful, professional, workmanlike and competent manner by qualified personnel; (iv) the Service(s) and HealthStream IP do not infringe any intellectual property rights of any third party. During the term of this Agreement, (i) the Online Service(s) shall perform materially in accordance with any applicable user guides or specifications; and (ii) the functionality of the Online Service(s) will not be materially decreased from that available as of the Effective Date. Customer agrees that its purchase of the Online Service(s) is not contingent upon the delivery of any future functionality or features nor is it dependent upon any oral or written public comments made by HealthStream with respect to future functionality or features.

(b) **Customer Research Data Limited Warranty.** HealthStream warrants that the Customer Data provided by HealthStream as a result of certain research Service(s) ("Customer Research Data") will conform substantially to the terms specified in the Order Form. In the event of a breach of this warranty, Customer shall provide HealthStream with written notice of such breach, identifying the claimed errors or deficiencies in the Customer Research Data provided, and HealthStream shall have a reasonable period to cure

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such purported errors or deficiencies. HEALTHSTREAM'S SOLE OBLIGATION UNDER THIS WARRANTY SHALL BE TO CORRECT AND/OR MODIFY THE CUSTOMER RESEARCH DATA SO THAT IT CONFORMS SUBSTANTIALLY TO THE TERMS SPECIFIED IN THE ORDER FORM. Customer shall notify HealthStream of any errors and/or deficiencies in the Customer Research Data within three (3) months of HealthStream's delivery of the Customer Research Data to Customer, or such claims shall be waived.

(c) **Non-Exclusion.** HealthStream represents and warrants that HealthStream, its officers, directors, and employees (i) are not currently excluded, debarred, or otherwise ineligible to participate in the federal healthcare programs as defined in 42 U.S.C. §1320a-7b(f) (the "federal healthcare programs"), (ii) have not been convicted of a criminal offense related to the provision of healthcare items or services and have not been excluded, debarred, or otherwise declared ineligible to participate in the federal healthcare programs, and (iii) are not, to the best of its knowledge, under investigation or otherwise aware of any circumstances which may result in HealthStream being excluded from participation in the federal healthcare programs. This shall be an ongoing representation and warranty and HealthStream shall immediately notify Customer of any change in the status of the representations and warranty set forth in this section.

**7.2 Disclaimer.** EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, HEALTHSTREAM MAKES NO WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE. HEALTHSTREAM SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.

## 8. Mutual Indemnification.

**8.1 Indemnification by HealthStream.** Subject to this Agreement, HealthStream shall defend, indemnify and hold Customer harmless against any loss or damage (including reasonable attorneys' fees) incurred in connection with claims, demands, suits, or proceedings ("Claims") made or brought against Customer by a third party alleging that the use of the Service(s) as contemplated under this Agreement infringes the intellectual property rights of a third party; provided, that Customer (a) promptly gives written notice of the Claim to HealthStream; (b) gives HealthStream sole control of the defense and settlement of the Claim (provided that HealthStream may not settle or defend any Claim unless it unconditionally releases Customer of all liability); and (c) provides to HealthStream, at HealthStream's cost, all reasonable assistance.

**8.2 Indemnification by Customer.** Subject to this Agreement, Customer shall defend, indemnify and hold HealthStream harmless against any loss or damage (including reasonable attorneys' fees) incurred in connection with Claims made or brought against HealthStream by a third party alleging that the Customer Data or Customer's use of the Service(s) (as opposed to the Service itself) infringes the intellectual property rights of, or has otherwise harmed, a third party; provided, that HealthStream (a) promptly gives written notice of the Claim to Customer; (b) gives Customer sole control of the defense and settlement of the Claim (provided that Customer may not settle or defend any Claim unless it unconditionally releases HealthStream of all liability); and (c) provides to Customer, at Customer's cost, all reasonable assistance.

## 9. Limitation of Liability.

**9.1 Limitation of Liability.** EXCEPT FOR LIABILITY ARISING UNDER SECTIONS 4 (PAYMENT OF FEES) OR 5.3 (RESTRICTIONS), IN NO EVENT SHALL EITHER PARTY'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER IN CONTRACT, TORT OR UNDER ANY OTHER THEORY OF LIABILITY, EXCEED THE LESSER OF \$100,000 OR THE AMOUNTS ACTUALLY PAID BY AND DUE FROM CUSTOMER UNDER THIS AGREEMENT.

**9.2 Exclusion of Consequential and Related Damages.** IN NO EVENT SHALL EITHER PARTY HAVE ANY LIABILITY TO THE OTHER PARTY FOR ANY LOST PROFITS, LOSS OF USE, COSTS OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, OR

FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES HOWEVER CAUSED AND, WHETHER IN CONTRACT, TORT OR UNDER ANY OTHER THEORY OF LIABILITY, WHETHER OR NOT THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF THE DAMAGE.

**9.3 Limitation of Action.** Except for actions for non-payment or breach of either party's intellectual property rights, no action (regardless of form) arising out of this Agreement may be commenced by either party more than two (2) years after the cause of action has accrued.

**9.4 WAIVER OF RIGHT TO JURY TRIAL.** EACH PARTY HEREBY WAIVES ANY RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY ACTION OR LITIGATION IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY ORDER FORM UNDER THIS AGREEMENT.

## 10. Term & Termination.

**10.1 Term of Agreement.** This Agreement commences on the Effective Date and, unless earlier terminated pursuant to the terms of this Agreement, continues until the later of the date when (a) all User subscriptions granted in accordance with this Agreement have expired or been terminated and (b) no Service(s) is being provided by HealthStream.

**10.2 Term of User Subscriptions.** User subscriptions for Online Service(s) commence on the start date specified in the relevant Order Form and continue for the subscription term specified in the Order Form. User subscriptions for Online Service(s) shall automatically renew for one (1) additional one (1) year term at 105% of the then current fee charged to Customer, unless one party provides the other notice of termination at least ninety (90) days prior to the end of the relevant subscription term.

**10.3 Termination for Cause.** A party may terminate this Agreement for cause: (a) upon ninety (90) days written notice of a material breach to the other party if the breach remains uncured at the expiration of the cure period; or (b) if the other party becomes the subject of a petition in bankruptcy or any other proceeding relating to insolvency, receivership, liquidation or assignment for the benefit of creditors. Upon any termination for cause by Customer, HealthStream shall refund Customer any prepaid fees for Online Service(s) for the remainder of the User subscription term after the date of termination. Termination shall not relieve Customer of the obligation to pay any fees accrued or payable to HealthStream prior to the effective date of termination.

**10.4 Surviving Provisions.** The following provisions shall survive any termination or expiration of this Agreement: Sections 4, 5 (excluding Section 5.2), 6, 7, 8, 9, 10 and 11.

## 11. General Provisions.

**11.1 Relationship of the Parties; Publicity.** This Agreement does not create a partnership, franchise, joint venture, agency, fiduciary or employment relationship between the parties. There are no third-party beneficiaries to this Agreement. Neither party may issue press releases relating to this Agreement without the other party's prior written consent. Either party may include the name and logo of the other party in lists of customers or vendors in accordance with the other party's standard guidelines.

**11.2 Notices.** All notices under this Agreement shall be in writing and shall be deemed to have been given upon: (a) personal delivery; (b) the second business day after mailing; (c) the second business day after sending by confirmed facsimile; or (d) the second business day after sending by email. Notices to HealthStream shall be addressed to the attention of its Legal Department.

**11.3 Waiver and Cumulative Remedies; Severability.** No failure or delay by either party in exercising any right under this Agreement shall constitute a waiver of that right. Other than as expressly stated in this Agreement, the remedies provided in the Agreement are in addition to, and not exclusive of, any other remedies of a party at law or in equity. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, the provision shall be modified by the court and interpreted so as best to accomplish the objectives of the

original provision to the fullest extent permitted by law, and the remaining provisions of this Agreement shall remain in effect.

**11.4 Assignment.** Neither party may assign any of its rights or obligations under this Agreement, whether by operation of law or otherwise, without the prior express written consent of the other party. Notwithstanding the foregoing, either party may assign this Agreement together with all rights and obligations under this Agreement, without consent of the other party, in connection with a merger, acquisition, corporate reorganization, or sale of all or substantially all of its assets. Any attempt by a party to assign its rights or obligations under this Agreement in breach of this section shall be void and of no effect. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the parties, their respective successors and permitted assigns.

**11.5 Governing Law and Venue.** This Agreement shall be governed exclusively by the internal laws of the State of Tennessee, without regard to its conflicts of laws rules. The state and federal courts located in Davidson County, Tennessee shall have exclusive jurisdiction to adjudicate any dispute arising out of or relating to this Agreement. Each party consents to the exclusive jurisdiction of these courts.

**11.6 Authority.** The persons signing below have the right and authority to execute this Agreement for their respective entities and no further approvals are necessary to create a binding Agreement.

**11.7 Entire Agreement.** This Agreement, including all exhibits and addenda to this Agreement and all Order Forms signed under this Agreement, constitutes the entire agreement between the parties, and supersedes all prior and contemporaneous agreements, proposals or representations, written or oral, concerning its subject matter. No modification, amendment, or waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom the modification, amendment or waiver is to be asserted. In the event of any conflict between the provisions in this Agreement and any exhibit or addendum to this Agreement, or Order Form signed under this Agreement, the terms of the exhibit, addendum or Order Form shall prevail to the extent of any inconsistency. Notwithstanding any language to the contrary therein, no terms or conditions stated in a Customer purchase order or in any other Customer order documentation (excluding Order Forms) shall be incorporated into or form any part of this Agreement, and all such terms or conditions shall be null and void. This Agreement may be executed in counterparts, which taken together shall form one legal instrument.

IN WITNESS WHEREOF, the parties' authorized signatories have duly executed this Agreement as of the Effective Date:

**Salinas Valley Memorial Healthcare Systems**

By: Luis Fonseca  
Luis Fonseca (Aug 24, 2015)

Print Name: \_\_\_\_\_

Title \_\_\_\_\_

Date Aug 24, 2015

**HealthStream Inc.**

By: Karen Frazier  
Karen Frazier (Aug 24, 2015)

Print Name: \_\_\_\_\_

Title \_\_\_\_\_

Date Aug 24, 2015

**EXHIBIT A**

**Order Forms and/or PSOs**

To be attached to this Exhibit and Agreement and incorporated into this Exhibit and Agreement from time to time upon signing.

**EXHIBIT B**  
**Authorized Purchasing Entities**

To be attached listed by the Customer, these are entities authorized to enter into Order Forms and bind Customer under this Agreement.



## Memorandum

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**Date:** July 28, 2021

**To:** Finance Committee

**From:** Augustine Lopez, CFO

**Re:** **Cash Transfers to Board Designated Fund**

As you know, the hospital has a Board Designated Fund. The purpose of a Board Designated Fund is to set aside funds that are restricted for hospital and related capital expenditures as approved by the SVMHS Board of Directors.

The District has been making monthly transfers from the General Fund to the Board Designated Fund in the amount of \$1,000,000 from the operating account to Board-restricted investments in United States Treasury and various other investments since July, 2012.

SVMHS Administration requests the Finance Committee recommend Board approval to continue making monthly transfers of \$1,000,000, as indicated above, starting July 1, 2021 through June 30, 2022.

Thank you for your consideration.

# ***SVMH***

## ***Balanced Scorecard***



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***Fiscal Year 2021***

# Service FY 2021 Actuals



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %		FY 2020 Baseline	
Weight 30%	I. Service						
	Average of Inpatient HCAHPS Scores	74.6	74.2	0.5%		73.7	
	Emergency Room Press Ganey Score	61.4	59.7	2.9%		59.2	
	Average of Ambulatory HCAHPS Scores	91.1	91.8	-0.8%		91.3	

## Notes / Assumptions:

- Source: Press Ganey
- Based on monthly **received date**
- Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
- IP HCAHPS Score FY 2020 Baseline was 73.7. Rationale: [Baseline = Threshold is based on 7 month Pre-Covid Average \(Aug19 to Feb20; Jul19 not included due to sterilizer event\) = 73.7](#). The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline.
- ER Press Ganey Score FY 2020 Baseline was 59.2. Rationale: [Baseline = Threshold is based on average of July 2020 Actual, MTD August 18, 2020 Actual, September estimated Average of Jul and Aug, and remainder of the year using 8 month Pre-Covid Average \(Jul19 to Feb20\) = 59.2](#). The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline
- Ambulatory HCAHPS Score FY 2020 Baseline was 91.3. Rationale: [Baseline = Threshold is based on 8 month Pre-Covid Average excluding August 2019 \(anomaly\) = 91.3](#). The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline

# People

## FY 2021 Actuals



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %	FY 2020 Baseline
Weight 20%	II. People				
	Annual Employee Indicator Survey	4.36	4.32	0.9%	4.34





### Notes / Assumptions:

- **Source: Press Ganey**
- People Pillar goal is set to a maintenance goal as opposed to improvement. The Target is a 0.02 decline opportunity to stay within target.

# Quality & Safety Processes – ER Efficiencies

## FY 2021 Actuals



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %		FY 2020 Baseline	
Weight							
	<b>Emergency Room Efficiencies</b>						
4%	Median length of stay for non-admits (in minutes)	163.0	153.0	-6.5%		154.0	
4%	Median time from admit decision to time of admission to nursing unit (in minutes)	90.0	85.0	-5.9%		88.0	

Source: Meditech





**ER - LOS for Non-Admits in Minutes:** Data Criteria: Calculate the median LOS in minutes for ER Outpatients for each month & YTD for cases in ER (excludes inpatients and patients leaving against medical advice or left without being seen.) *The Baseline for FY20 was 154.0 minutes; Rationale: Baseline = Threshold is based on FY 2020 Actuals. The Target is a 1 minute improvement from the Baseline, and the Max is a 2 minute improvement from the Baseline.*

**ER - Time to Admit in Minutes:** Data Criteria: Calculate the median time for inpatients from admit decision to time of admission to nursing unit in minutes (includes observation cases). *Actuals for FY 2020 was 81.0 minutes. However, Baseline used to determine Threshold for FY 2021 is 88.0, based on July 2020 Actual and MTD 8-18-20 Actual. Rationale: It is expected that Flu & Covid will generate more complexity for ER admissions. The isolation rooms in the ER are limited. When a patient leaves the isolation room, there is a need for terminal cleaning for at least 1 hour which causes a delay to flow of patients. The admission process has become more complicated with patients going to COVID & isolation rooms because of the need for more resources for transport depending on patient’s need. Also, COVID testing can take up to an hour so a patient cannot leave ER until COVID results are available to place a patient in proper rooms. FY21 Threshold is a 2.0 minutes improvement from Baseline = 86.0 minutes; FY21 Target = 85.0 minutes; FY21 Max = 84.0 minutes.*

# Quality & Safety Processes – OR Efficiencies

## FY 2021 Actuals



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %		FY 2020 Baseline	
Weight							
	<b>Operating Room Efficiencies</b>						
4%	Turnover Time (Wheels out / Wheels in) (in minutes)	29.6	29.5	-0.2%		29.0	
4%	Percentage of 1st Case On Time Start Time	91.6%	89.0%	2.9%		90.4%	

**Turnover Time Measurement: New Methodology FY 2021** - Calculate minutes elapsed between the PICIS OR Nurse Record wheels out & wheels in of the next case. Historically based on predictive anesthesia end time by the circulating RN in the OR record, this metric was updated to use the anesthesia actual documented end time as a more precise variable to capture and measure data more accurately. The PICIS 8.6 Upgrade in March 2020 prevents modification of time in the Nurse Record and requires the Anesthesia End Time to be documented in the PACU as the patient begins the recovery process rendering it no longer an accurate capture of the TOT wheels out data point. Only cases where the time difference is less than or equal to 60 minutes will be included because breaks are often scheduled in a day. Due to MD availability, cases that exceed 60 threshold minutes will not count as a turnover. Excludes non-scheduled cases. Measurement applies to cases for the same physician and same room only. Data will be partition by actual date rather than previously scheduled date. **National benchmarks range from 25 to 38 minutes.** FY 20 Baseline = 29.0 under the new methodology. Rationale: FY 2021 Goals are: Threshold = 30.5, Target = 29.5, Max = 28.5 in order to achieve sustainability.

**Percentage of 1<sup>st</sup> case On Time Start Time**

- 1st scheduled case of the day in each OR room where the scheduled time is between 07:00 AM and 08:59 AM
- Cases in which the patient is Wheeled In at least zero minutes prior to the case
- FY20 Baseline was 90.4%. FY 2021 Goals are: Threshold = 87.0%. Target = 89.0%. Max = 91.0%. Rationale: Increased targets from prior year by 1 percentage point in order to achieve sustainability and maintain patient safety as the priority focus for Perioperative Services.
- **National benchmark goals range from 70% to 80%**

# Quality & Safety Processes – Hospital Acquired Conditions FY 2021 Actuals



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %	FY 2020 Baseline
Weight 4%	<b>Hospital Acquired Conditions</b>				
	CLABSI SIR (Standard Infection Ratio)	0.11	0.41	73.2%	0.22
	# of CLABSI EVENTS	1			
	CAUTI SIR (Standard Infection Ratio)	0.57	0.43	-33.7%	0.43
	# of CAUTI EVENTS	5			
	CDI SIR (Standard Infection Ratio)	0.19	0.62	70.0%	0.68
	# of CDI EVENTS	4			
	<b>Hospital Acquired Conditions Average</b>	0.29	0.49	40.6%	0.44

- **Source:** NHSN & Medline Interface
- Hospital Acquired Conditions will be measured **quarterly**
- **Rationale for Targets:** The FY 2021 Target is set to meet Leapfrog requirements, which will then align with CMS requirements.
- **Acronyms:**
  1. **CLABSI (Central Line Associated Bloodstream Infection).**
  2. **CAUTI (Catheter Associated Urinary Tract Infection).**
  3. **CDI (Clostridium Difficile Infection).**

# Finance

## FY 2021 Actuals



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %	FY 2020 Baseline
Weight 20%	IV. Finance				
	Income from Operations (Normalized) (\$ in Millions)	\$86,392	\$50,933	69.6%	\$113,306
	Operating Margin (Normalized)	15.1%	9.9%	52.3%	19.2%







- Target Methodology is based on SVMH's 100% of FY 2021 Board Approved Annual Operating Budget



# Growth

## FY 2021 Actuals



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %		FY 2020 Baseline	
Weight 10%	V. Growth						
	I. Increase Aspire Health Plan Medicare Advantage membership to →	5,768	6,069	-5.0%		5,459	
	II. Increase % of patients adopting of EPIC MyChart to →	36.5%	30.0%	21.6%		14.7%	

- **Aspire:** Our target for FY21 is based on detail provided by the executive team at Aspire Health Plan. We are using the current Aspire sales goals for the Special Election Period (SEP) and Annual Election Period (AEP) in line with our current business plan and bid targets. The projected increase of 610 members from our baseline of 5,459 in June is less than our prior year target of a 949 member increase. The primary driver behind the reduction in member growth projection is major changes in the plan design (benefits) to all of the plans, but to the Plus Plan in particular. The changes reflect a desire to improve plan profitability and mitigate risk. Our corridor for minimum and maximum thresholds is proportional to our targets last year with a +/- 20% of the targeted increase in members or 122 members over or under the target. The final result will be based on CMS paid members for the month of June in the July report from CMS.
- **Epic MyChart:** Our target for FY21 is based on benchmarks provided by Epic when compared to our peers that are using Epic MyChart and the recommendations from Epic Ambulatory Advisory Council. The middle 50% of Epic installations from our peer group ranges from 28% to 48% with a median of 38%, our current performance is 14.7% and is improving as we continue to push adoption and implement strategies to engage our patients through MyChart as our primary telemedicine platform. The 30% target was set by the Epic Ambulatory Advisory Council on February 20, 2020. The corridor for minimum and maximum thresholds is +/- 5% for a range from 25% to 35%. The final result will be based on patients with visits in FY21 that have an active MyChart account.

# Community FY 2021 Actuals



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %		FY 2020 Baseline	
Weight 0%	VI. Community						
	Community activity hours by SVMHS Staff	1,264	-		☀️	12,644	☁️
	Increase participation in the Blue Zones Project	2,558	844	203.1%	☀️	744	☀️

## Notes / Assumptions:

- **Community Activity Hours Performed by SVMHS Staff:** Source: SVMH Activity Tracker Application. As a result of the challenging times during the pandemic, there will not be an established target for FY 2021 to dismiss the pressures of performing community activity hours.
- **Increase participation in the Blue Zones Project** by SVMHS staff, volunteers, contractors and physicians to 844 unique engagements. Baseline is 744 as of July 1.
  - Threshold: 804 (increase of 60 unique engagements, 3% over baseline)
  - Target: 844 (increase of 100 unique engagements, 5% over baseline)
  - Stretch: 884 (increase of 140 unique engagements, 7% over baseline)
- *FY 2021 Blue Zone participation: 1,750 people engaged in BZP Healthstream module, and 808 people completed the Real Age Test (1,750 + 808 = 2,558 Unique Engagements)*

# *Questions / Comments?*





# APPENDIX

**Salinas Valley Memorial Hospital**

*Monthly Balanced Scorecard (BSC) Summary*

FY 2021 : as of 06/30/21



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %		FY 2020 Baseline	
Weight 30%	<b>I. Service</b>						
	Average of Inpatient HCAHPS Scores	74.6	74.2	0.5%		73.7	
	Emergency Room Press Ganey Score	61.4	59.7	2.9%		59.2	
	Average of Ambulatory HCAHPS Scores	91.1	91.8	-0.8%		91.3	
20%	<b>II. People</b>						
	Annual Employee Indicator Survey	4.36	4.32	0.9%		4.34	
20%	<b>III. Quality &amp; Safety Processes</b>						
	<b>Emergency Room Efficiencies</b>						
	Median length of stay for non-admits (in minutes)	163.0	153.0	-6.5%		154.0	
	Median time from admit decision to time of admission to nursing unit (in minutes)	90.0	85.0	-5.9%		88.0	
	<b>Operating Room Efficiencies</b>						
	Turnover Time (Wheels out / Wheels in) (in minutes)	29.6	29.5	-0.2%		29.0	
	Percentage of 1st Case On Time Start Time	91.6%	89.0%	2.9%		90.4%	
	Hospital Acquired Conditions Average	0.29	0.49	40.6%		0.44	
20%	<b>IV. Finance</b>						
	Income from Operations (Normalized) (\$ in Millions)	\$86,392	\$50,933	69.6%		\$113,306	
	Operating Margin (Normalized)	15.1%	9.9%	52.3%		19.2%	
10%	<b>V. Growth</b>						
	I. Increase Aspire Health Plan Medicare Advantage membership to →	5,768	6,069	-5.0%		5,459	
	II. Increase % of patients adopting of EPIC MyChart to →	36.5%	30.0%	21.6%		14.7%	
0%	<b>VI. Community</b>						
	Community activity hours by SVMHS Staff	1,264	-			12,644	
	Increase participation in the Blue Zones Project	2,558	844	203.1%		744	

# Monthly Scorecard

## IP Service (15%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	FY 2021 Act/Proj	TARGET	Var %
<b>I. Service</b>															
1. Communication with Nurses	81.7	80.1	75.3	81.6	82.2	86.2	84.1	81.8	77.9	82.9	85.1	82.0	81.7	82.6	-1.0%
# of Reponses	161	145	138	125	115	155	113	95	159	148	134	131			
2. Communication with Doctors	79.6	82.0	78.5	81.1	80.1	82.6	87.7	86.6	81.6	86.5	85.4	84.1	83.0	81.8	1.4%
# of Reponses	159	145	137	125	115	155	112	95	158	147	135	130			
3. Responsiveness of Hospital Staff	69.9	63.8	68.4	75.3	67.2	72.1	72.0	65.9	65.5	73.3	75.6	71.9	70.1	68.2	2.7%
# of Reponses	156	134	135	114	108	148	109	89	150	142	132	122			
4. Communication About Medicines	68.8	66.9	64.9	71.6	71.7	67.4	69.2	70.5	66.9	65.0	72.7	63.4	68.3	69.7	-2.1%
# of Reponses	107	98	88	83	78	98	88	60	100	99	80	84			
5a. Cleanliness of hospital environment	86.1	73.4	75.7	79.2	77.7	85.0	78.6	77.9	80.5	81.0	79.9	81.3	79.7	81.5	-2.2%
# of Reponses	158	143	136	125	112	153	112	95	159	147	134	128			
5b. Quietness of hospital environment	58.2	59.6	53.6	55.3	50.0	50.0	52.3	52.6	50.0	45.6	50.7	50.0	52.3	48.7	7.5%
# of Reponses	158	141	138	123	112	152	111	95	158	147	136	130			
6. Discharge Information	86.1	89.8	89.2	91.8	89.6	91.6	92.2	88.7	91.3	91.1	92.8	91.2	90.5	90.3	0.2%
# of Reponses	153	136	127	116	107	151	110	93	153	141	127	121			
7. Care Transitions	54.1	61.3	53.9	56.0	56.2	62.2	65.0	60.5	56.9	61.5	58.5	56.6	58.6	57.0	2.8%
# of Reponses	162	144	137	125	115	154	112	95	158	149	136	129			
8. Overall Rating of Hospital	78.2	73.6	74.8	76.8	77.2	79.6	77.7	85.4	79.3	82.4	79.1	77.1	78.4	78.6	-0.2%
# of Reponses	156	140	135	125	114	152	112	96	159	148	134	131			
<b>Average of Inpatient HCAHPS Scores</b>	<b>73.8</b>	<b>73.0</b>	<b>71.2</b>	<b>75.2</b>	<b>73.5</b>	<b>76.1</b>	<b>76.7</b>	<b>75.6</b>	<b>73.1</b>	<b>75.8</b>	<b>76.8</b>	<b>74.0</b>	74.6	74.2	0.5%
# of Total Reponses - IP	162	145	138	125	115	155	113	96	159	149	136	131			

### Notes / Assumptions:

- Source: Press Ganey
- Based on monthly **received date**
- Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
- IP HCAHPS Score FY 2020 Baseline was 73.7. Rationale: Baseline = Threshold is based on 7 month Pre-Covid Average (Aug19 to Feb20; Jul19 not included due to sterilizer event) = 73.7. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline.
- ER Press Ganey Score FY 2020 Baseline was 59.2. Rationale: Baseline = Threshold is based on average of July 2020 Actual, MTD August 18, 2020 Actual, September estimated Average of Jul and Aug, and remainder of the year using 8 month Pre-Covid Average (Jul19 to Feb20) = 59.2. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline
- Ambulatory HCAHPS Score FY 2020 Baseline was 91.3. Rationale: Baseline = Threshold is based on 8 month Pre-Covid Average excluding August 2019 (anomaly) = 91.3. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline

# Monthly Scorecard

## ER Service (10%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	FY 2021 Act/Proj	TARGET	Var %
I. Service															
Emergency Room Press Ganey Score	56.4	57.9	59.7	64.5	57.7	60.6	62.0	63.7	63.0	64.7	63.8	62.9	61.4	59.7	2.9%
# of Total Reponses - ER	269	204	201	177	110	194	207	144	201	196	210	206			

### Notes / Assumptions:

- Source: Press Ganey
- Based on monthly **received date**
- Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
- IP HCAHPS Score FY 2020 Baseline was 73.7. Rationale: Baseline = Threshold is based on 7 month Pre-Covid Average (Aug19 to Feb20; Jul19 not included due to sterilizer event) = 73.7. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline.
- ER Press Ganey Score FY 2020 Baseline was 59.2. Rationale: Baseline = Threshold is based on average of July 2020 Actual, MTD August 18, 2020 Actual, September estimated Average of Jul and Aug, and remainder of the year using 8 month Pre-Covid Average (Jul19 to Feb20) = 59.2. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline
- Ambulatory HCAHPS Score FY 2020 Baseline was 91.3. Rationale: Baseline = Threshold is based on 8 month Pre-Covid Average excluding August 2019 (anomaly) = 91.3. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline

# Monthly Scorecard

## Ambulatory Service (5%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	FY 2021 Act/Proj	TARGET	Var %
<b>I. Service</b>															
1. Communication	81.1	87.6	82.9	93.6	91.5	86.5	87.5	90.1	92.9	86.2	92.0	93.3	88.8	90.3	-1.7%
# of Reponses	65	66	52	64	63	55	40	33	64	51	43	56			
2. Discharge	91.9	94.0	91.4	95.9	92.2	93.2	92.1	94.0	96.1	93.4	92.8	95.0	93.5	94.6	-1.2%
# of Reponses	64	66	53	64	62	55	39	33	64	51	43	56			
3. Facility rating	72.3	87.3	86.8	96.8	82.3	80.0	89.5	78.8	88.9	84.0	90.7	92.9	85.8	85.6	0.3%
# of Reponses	65	63	53	62	62	55	38	33	63	50	43	56			
4. Facility/Personal Treatment	89.7	97.2	97.5	98.4	96.2	96.3	93.1	97.0	98.7	95.1	96.5	98.2	96.2	96.8	-0.7%
# of Reponses	65	66	53	64	62	55	39	33	64	51	43	55			
<b>Average of Ambulatory HCAHPS Scores</b>	<b>83.7</b>	<b>91.5</b>	<b>89.6</b>	<b>96.2</b>	<b>90.5</b>	<b>89.0</b>	<b>90.5</b>	<b>90.0</b>	<b>94.2</b>	<b>89.7</b>	<b>93.0</b>	<b>94.8</b>	<b>91.1</b>	<b>91.8</b>	<b>-0.8%</b>
# of Total Reponses - Ambulatory	65	66	53	64	63	55	40	33	64	51	43	56			

### Notes / Assumptions:

- Source: Press Ganey
- Based on monthly **received date**
- Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
- Includes Departments: Cath Lab, Endoscopy, Angio/Special Procedures Radiology, Outpatient Surgery
- IP HCAHPS Score FY 2020 Baseline was 73.7. Rationale: Baseline = Threshold is based on 7 month Pre-Covid Average (Aug19 to Feb20; Jul19 not included due to sterilizer event) = 73.7. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline.
- ER Press Ganey Score FY 2020 Baseline was 59.2. Rationale: Baseline = Threshold is based on average of July 2020 Actual, MTD August 18, 2020 Actual, September estimated Average of Jul and Aug, and remainder of the year using 8 month Pre-Covid Average (Jul19 to Feb20) = 59.2. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline
- Ambulatory HCAHPS Score FY 2020 Baseline was 91.3. Rationale: Baseline = Threshold is based on 8 month Pre-Covid Average excluding August 2019 (anomaly) = 91.3. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline



# Monthly Scorecard

## People (20%)



Organizational Goals by Pillar	FY 2021 Act/Proj	TARGET	Var %
II. People			
Annual Employee Indicator Survey	4.36	4.32	0.9%

### Notes / Assumptions:

- **Source: Press Ganey**
- People Pillar goal is set to a maintenance goal as opposed to improvement. The Target is a 0.02 decline opportunity to stay within target.

# Monthly Scorecard

## Quality & Safety Processes – ER (8%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	FY 2021 Act/Proj	TARGET	Var %
III. Quality & Safety Processes															
Emergency Room Efficiencies															
Median length of stay for non-admits (in minutes)	124.0	141.0	158.0	172.0	167.0	179.0	181.0	176.0	172.0	160.0	162.0	165.0	163.0	153.0	-6.5%
Median time from admit decision to time of admission to nursing unit (in minutes)	87.0	87.0	86.0	87.0	94.0	120.0	115.5	98.5	87.0	83.0	76.0	83.0	90.0	85.0	-5.9%

Source: Meditech

**ER - LOS for Non-Admits in Minutes:** Data Criteria: Calculate the median LOS in minutes for ER Outpatients for each month & YTD for cases in ER (excludes inpatients and patients leaving against medical advice or left without being seen.) The Baseline for FY20 was 154.0 minutes; Rationale: Baseline = Threshold is based on FY 2020 Actuals. The Target is a 1 minute improvement from the Baseline, and the Max is a 2 minute improvement from the Baseline.

**ER - Time to Admit in Minutes:** Data Criteria: Calculate the median time for inpatients from admit decision to time of admission to nursing unit in minutes (includes observation cases). Actuals for FY 2020 was 81.0 minutes. However, Baseline used to determine Threshold for FY 2021 is 88.0, based on July 2020 Actual and MTD 8-18-20 Actual. Rationale: It is expected that Flu & Covid will generate more complexity for ER admissions. The isolation rooms in the ER are limited. When a patient leaves the isolation room, there is a need for terminal cleaning for at least 1 hour which causes a delay to flow of patients. The admission process has become more complicated with patients going to COVID & isolation rooms because of the need for more resources for transport depending on patient's need. Also, COVID testing can take up to an hour so a patient cannot leave ER until COVID results are available to place a patient in proper rooms. FY21 Threshold is a 2.0 minutes improvement from Baseline = 86.0 minutes; FY21 Target = 85.0 minutes; FY21 Max = 84.0 minutes.

# Monthly Scorecard

## Quality & Safety Processes – OR (8%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	FY 2021 Act/Proj	TARGET	Var %
III. Quality & Safety Processes															
Operating Room Efficiencies															
Turnover Time (Wheels out / Wheels in) (in minutes)	30.7	28.7	29.3	30.3	31.3	33.1	31.6	29.9	28.9	27.1	26.6	27.4	29.6	29.5	-0.2%
Percentage of 1st Case On Time Start Time	92.2%	86.7%	94.2%	83.5%	89.5%	75.9%	87.0%	98.1%	97.8%	97.9%	96.8%	99.0%	91.6%	89.0%	2.9%

**Turnover Time Measurement: New Methodology FY 2021** - Calculate minutes elapsed between the PICIS OR Nurse Record wheels out & wheels in of the next case. Historically based on predictive anesthesia end time by the circulating RN in the OR record, this metric was updated to use the anesthesia actual documented end time as a more precise variable to capture and measure data more accurately. The PICIS 8.6 Upgrade in March 2020 prevents modification of time in the Nurse Record and requires the Anesthesia End Time to be documented in the PACU as the patient begins the recovery process rendering it no longer an accurate capture of the TOT wheels out data point. Only cases where the time difference is less than or equal to 60 minutes will be included because breaks are often scheduled in a day. Due to MD availability, cases that exceed 60 threshold minutes will not count as a turnover. Excludes non-scheduled cases. Measurement applies to cases for the same physician and same room only. Data will be partition by actual date rather than previously scheduled date. **National benchmarks range from 25 to 38 minutes.** FY 20 Baseline = 29.0 under the new methodology. Rationale: FY 2021 Goals are: Threshold = 30.5, Target = 29.5, Max = 28.5 in order to achieve sustainability.

### Percentage of 1<sup>st</sup> case On Time Start Time

- 1st scheduled case of the day in each OR room where the scheduled time is between 07:00 AM and 08:59 AM
- Cases in which the patient is Wheeled In at least zero minutes prior to the case
- FY20 Baseline was 90.4%. FY 2021 Goals are: Threshold = 87.0%. Target = 89.0%. Max = 91.0%. Rationale: Increased targets from prior year by 1 percentage point in order to achieve sustainability and maintain patient safety as the priority focus for Perioperative Services.
- **National benchmark goals range from 70% to 80%**

# Monthly Scorecard

## Quality & Safety Processes – HAC (4%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	FY 2021 Act/Proj	TARGET	Var %
<b>Hospital Acquired Conditions</b>															
CLABSI SIR (Standard Infection Ratio)	0.00			0.44			0.00			0.00			0.11	0.41	73.2%
# of CLABSI EVENTS	0	0	0	0	1	0	0	0	0	0	0	0	1		
CAUTI SIR (Standard Infection Ratio)	0.91			0.81			0.00			0.56			0.57	0.43	-33.7%
# of CAUTI EVENTS	1	0	1	1	0	1	0	0	0	0	0	1	5		
CDI SIR (Standard Infection Ratio)	0.54			0.00			0.00			0.20			0.19	0.62	70.0%
# of CDI EVENTS	0	2	1	0	0	0	0	0	0	1	0	0	4		
<b>Hospital Acquired Conditions Average</b>	0.49			0.42			0.00			0.25			0.29	0.49	40.6%

- **Source:** NHSN & Medline Interface
- Hospital Acquired Conditions will be measured **quarterly**
- **Rationale for Targets:** The FY 2021 Target is set to meet Leapfrog requirements, which will then align with CMS requirements.
- **Acronyms:**
  1. **CLABSI (Central Line Associated Bloodstream Infection).**
  2. **CAUTI (Catheter Associated Urinary Tract Infection).**
  3. **CDI (Clostridium Difficile Infection).**

# Monthly Scorecard

## Finance (20%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	FY 2021 Act/Proj	TARGET	Var %
IV. Finance															
Income from Operations (Normalized) (\$ in Millions)	\$7,663	\$8,131	\$7,328	\$6,224	\$8,606	\$10,189	\$10,275	\$1,670	\$6,566	\$1,241	\$645	\$17,856	\$86,392	\$50,933	69.6%
Operating Margin (Normalized)	15.3%	16.7%	15.4%	12.9%	17.6%	19.3%	19.3%	4.1%	13.7%	3.2%	1.6%	33.4%	15.1%	9.9%	52.3%

- Target Methodology is based on SVMH's 100% of FY 2021 Board Approved Annual Operating Budget

# Monthly Scorecard

## Growth (10%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	FY 2021 Act/Proj	TARGET	Var %
<b>V. Growth</b>															
I. Increase Aspire Health Plan Medicare Advantage membership to →	5,496	5,528	5,544	5,558	5,570	5,590	5,815	5,817	5,802	5,787	5,774	5,768	5,768	6,069	-5.0%
II. Increase % of patients adopting of EPIC MyChart to →	-	-	21.1%	21.8%	22.7%	24.7%	28.6%	32.4%	36.5%	36.7%	36.5%	36.5%	36.5%	30.0%	21.6%

- **Aspire:** Our target for FY21 is based on detail provided by the executive team at Aspire Health Plan. We are using the current Aspire sales goals for the Special Election Period (SEP) and Annual Election Period (AEP) in line with our current business plan and bid targets. The projected increase of 610 members from our baseline of 5,459 in June is less than our prior year target of a 949 member increase. The primary driver behind the reduction in member growth projection is major changes in the plan design (benefits) to all of the plans, but to the Plus Plan in particular. The changes reflect a desire to improve plan profitability and mitigate risk. Our corridor for minimum and maximum thresholds is proportional to our targets last year with a +/- 20% of the targeted increase in members or 122 members over or under the target. The final result will be based on CMS paid members for the month of June in the July report from CMS.
- **Epic MyChart:** Our target for FY21 is based on benchmarks provided by Epic when compared to our peers that are using Epic MyChart and the recommendations from Epic Ambulatory Advisory Council. The middle 50% of Epic installations from our peer group ranges from 28% to 48% with a median of 38%, our current performance is 14.7% and is improving as we continue to push adoption and implement strategies to engage our patients through MyChart as our primary telemedicine platform. The 30% target was set by the Epic Ambulatory Advisory Council on February 20, 2020. The corridor for minimum and maximum thresholds is +/- 5% for a range from 25% to 35%. The final result will be based on patients with visits in FY21 that have an active MyChart account.

# Monthly Scorecard

## Community (0%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	FY 2021 Act/Proj	TARGET	Var %
VI. Community															
Community activity hours performed by SVMH Staff	164	120	41	264	96	77	109	56	107	104	57	69	1,264	-	-
Increase participation in the Blue Zones Project													2,558	844	203.1%

### Notes / Assumptions:

- **Community Activity Hours Performed by SVMHS Staff:** Source: SVMH Activity Tracker Application. As a result of the challenging times during the pandemic, there will not be an established target for FY 2021 to dismiss the pressures of performing community activity hours.
- **Increase participation in the Blue Zones Project** by SVMHS staff, volunteers, contractors and physicians to 844 unique engagements. Baseline is 744 as of July 1.
  - Threshold: 804 (increase of 60 unique engagements, 3% over baseline)
  - Target: 844 (increase of 100 unique engagements, 5% over baseline)
  - Stretch: 884 (increase of 140 unique engagements, 7% over baseline)
- *FY 2021 Blue Zone participation: 1,750 people engaged in BZP Healthstream module, and 808 people completed the Real Age Test (1,750 + 808 = 2,558 Unique Engagements)*

# Financial Performance Review

## July 2021

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**Augustine Lopez**  
**Chief Financial Officer**





# Consolidated Financial Summary

## For the Month of July 2021

### Profit/Loss Statement

\$ in Millions	For the Month of July 2021				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 55.3	\$ 53.3	\$ 2.0	3.8%	
Operating Expense	\$ 51.8	\$ 52.2	\$ 0.4	0.8%	
<b>Income from Operations*</b>	<b>\$ 3.5</b>	<b>\$ 1.1</b>	<b>\$ 2.4</b>	<b>218.2%</b>	
<i>Operating Margin %</i>	6.3%	2.1%	4.2%	200.00%	
Non Operating Income	\$ 1.8	\$ 1.1	\$ 0.7	63.6%	
<b>Net Income</b>	<b>\$ 5.3</b>	<b>\$ 2.2</b>	<b>\$ 3.1</b>	<b>140.9%</b>	
<i>Net Income Margin %</i>	9.5%	4.2%	5.3%	126.2%	

\*No Normalizing items in July

#### Favorable results due to:

- **Inpatient surgeries** above budget by 10%
- Higher than expected **Medicare Case Mix Index** (1.9)
- Continued effective management on **length of stay** for all payors, despite higher acuity levels
- Stronger than expected **outpatient volumes** in infusion therapy, cardiology, radiology, and various other ancillary services (CT Scan, MRI, Cath Lab, Mammography)
- Cost Savings Initiative: **Overall effective management of labor productivity** on a departmental unit of service basis

# SVMH Financial Highlights July 2021

Gross Revenues were favorable

- **Gross Revenues** were **6% favorable** to budget
- **IP gross revenues** were **1% favorable** to budget
  - **ED gross revenues** were **35% favorable** to budget

- **OP gross revenues** were **4% favorable** to budget in the following areas:

- Infusion Therapy
- Other OP Pharmacy
- Cardiology
- Radiology
- Other OP Services

- **Commercial:** **2% above** budget
- **Medicaid:** **3% above** budget
- **Medicare:** **9% above** budget

Payor Mix - *unfavorable* to budget

Total Net Patient Revenues were \$47.5M, which was favorable to budget by \$2.0M or 4.3%

# COVID Inpatient Discharge Cases Payor Mix Analysis July 2020 thru July 2021

Payor	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	July 21
Medicare	42	28	17	21	36	105	150	50	9	2	2	1	1
Medi-Cal	35	34	19	22	28	62	84	23	12	1	2	8	3
Commercial	29	22	22	10	27	48	53	13	5	5	2	1	9
Other	2	5		2	2	7	2	3	1	1			1
<b>Grand Total</b>	<b>108</b>	<b>89</b>	<b>58</b>	<b>55</b>	<b>93</b>	<b>222</b>	<b>289</b>	<b>89</b>	<b>27</b>	<b>9</b>	<b>6</b>	<b>10</b>	<b>14</b>

COVID Inpatient cases  
Increase during July  
compared to prior  
month.

Note: COVID Criteria is based on any DX U07.1 diagnosis code

# Financial Summary – July 2021



## 1) Strong Outpatient business:

- Stronger than expected patient volumes in Infusion Therapy, Cardiology, Radiology, Surgery and Other Outpatient Services

2) ER Outpatient visits were above budget by 31% (897 visits)


3) Total admissions were 14 admits above budget

- ER admissions were 1% above budget (8 admits)
- ER admissions (including OB ED) were 85% of total acute admissions

4) Inpatient Surgeries were 10% (13 cases) above budget at 151

5) Total Acute ALOS was 7% favorable at 3.9 vs 4.2 days budgeted

6) Medicare ALOS CMI adjusted was 2% favorable at 2.4 days with a Case Mix Index of 1.9



7) Outpatient Surgeries were 19% (59 cases) below budget, predominantly due to fewer than expected Orthopedic cases as well as fewer Gynecology cases (primarily due to surgeons on vacation)

## 8) Lower than expected Inpatient business:

- Average daily census was at 109, 5% below budget of 115

9) Deliveries were 4% (5 deliveries) below budget at 139

10) OP Observation cases were 3% (4 cases) above budget at 160

# CMI – All Discharges (with & without COVID)

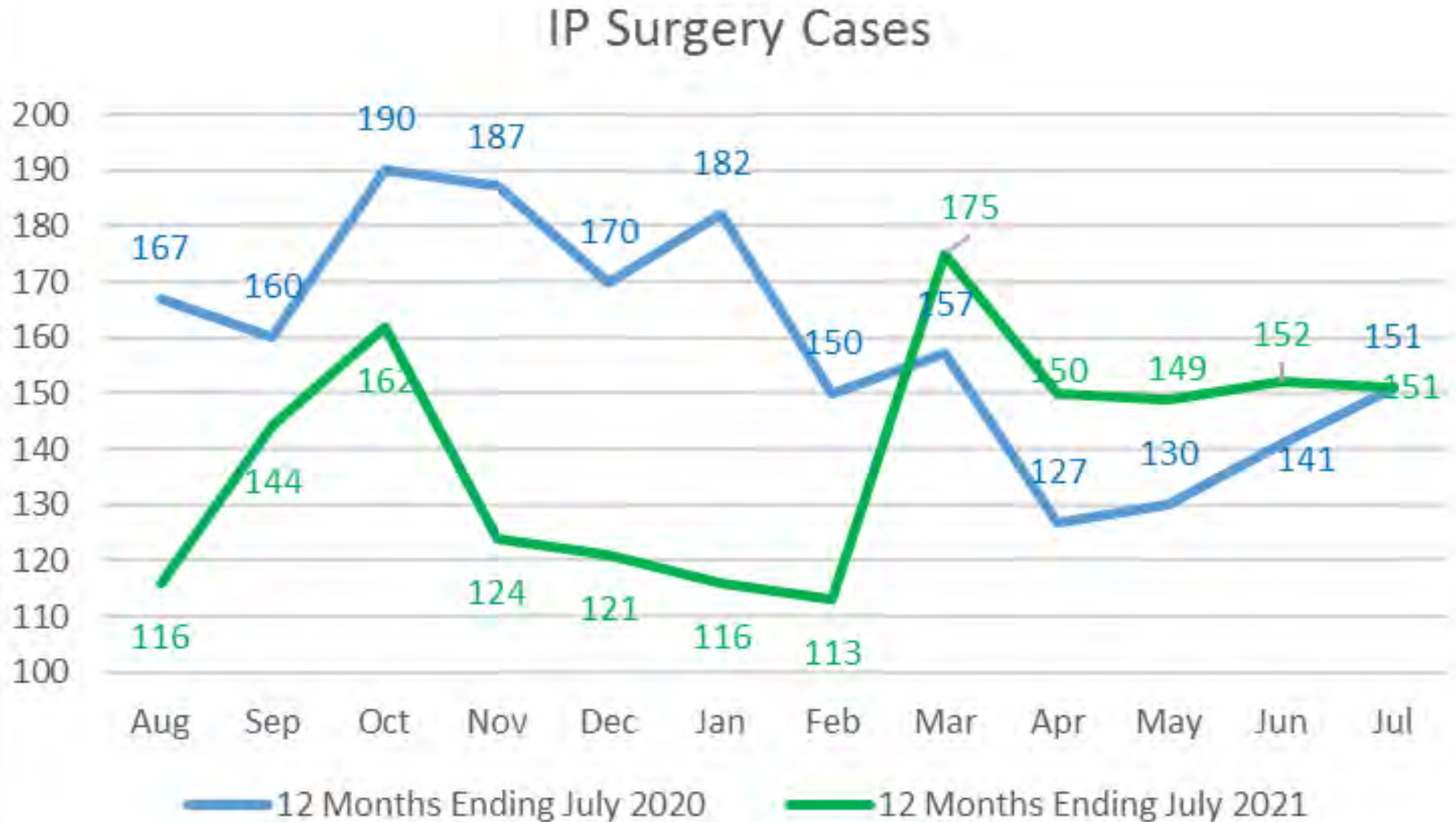
## Based on Discharges

### August 2020 thru July 2021

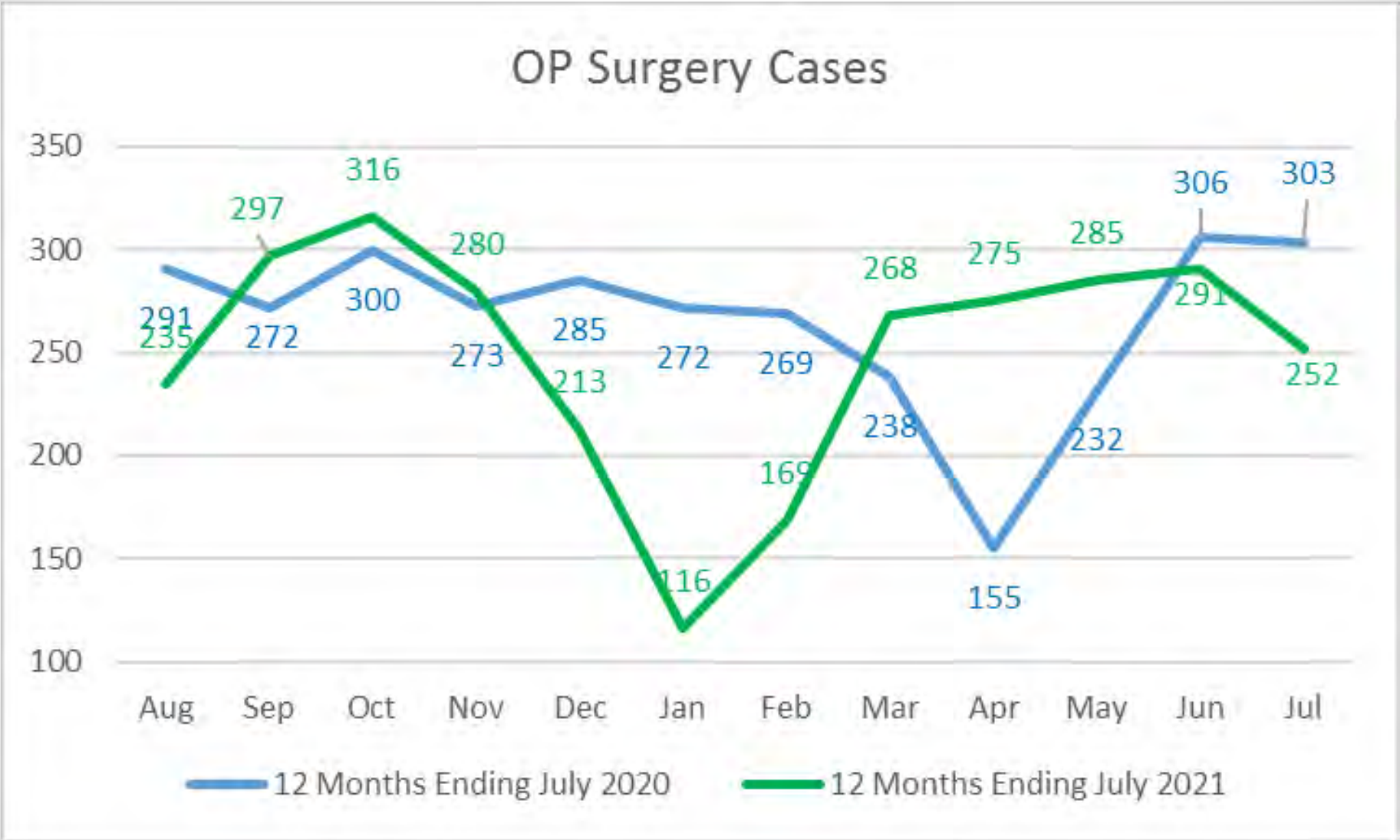
All Month	All Discharges				COVID Discharges Only				Discharges Excluding COVID			
	All Payor	Discharges	ADC	ALOS	All Payor CMI	Discharges	ADC	ALOS	All Payor CMI	Discharges	ADC	ALOS
8/31/2020	1.68	859	117	4.2	2.32	89	18	6.4	1.60	770	99	4.0
9/30/2020	1.71	818	112	4.1	2.27	58	15	7.7	1.66	760	98	3.8
10/31/2020	1.64	864	115	4.1	2.39	55	13	7.5	1.59	809	102	3.9
11/30/2020	1.76	784	110	4.2	2.32	93	18	5.7	1.68	691	92	4.0
12/31/2020	1.76	853	121	4.4	2.15	222	45	6.2	1.62	631	77	3.8
1/31/2021	1.81	890	139	4.8	2.33	289	65	7.0	1.56	601	74	3.8
2/28/2021	1.77	767	119	4.4	2.36	89	27	8.4	1.70	678	92	3.8
3/31/2021	1.74	875	116	4.1	3.11	27	11	12.8	1.69	848	105	3.8
4/30/2021	1.59	824	104	3.8	1.92	9	1	3.7	1.59	815	103	3.8
5/31/2021	1.70	816	100	3.8	2.19	7	1	5.1	1.69	809	99	3.8
6/30/2021	1.64	826	100	3.6	2.04	10	2	5.9	1.63	816	98	3.6
7/31/2021	1.66	892	108	3.8	2.04	14	2	3.4	1.65	878	107	3.8
<b>Total</b>	<b>1.70</b>	<b>10,068</b>	<b>113</b>	<b>4.1</b>	<b>2.29</b>	<b>962</b>	<b>18.2</b>	<b>6.9</b>	<b>1.64</b>	<b>9,106</b>	<b>95</b>	<b>3.8</b>

Medicare Month	Medicare Discharges				Medicare COVID Discharges Only				Medicare Discharges Excluding COVID			
	Medicare CMI	Discharges	ADC	ALOS	Medicare CMI	Discharges	ADC	ALOS	Medicare CMI	Discharges	ADC	ALOS
8/31/2020	1.83	317	52	5.1	2.41	27	7	8.1	1.78	290	45	4.8
9/30/2020	1.90	285	45	4.8	2.11	16	4	7.9	1.89	269	41	4.6
10/31/2020	1.79	333	47	4.4	2.45	19	4	7.1	1.75	314	43	4.2
11/30/2020	1.88	302	47	4.7	2.29	30	8	7.9	1.83	272	39	4.3
12/31/2020	1.96	323	52	5.0	1.97	95	16	5.3	1.96	228	35	4.8
1/31/2021	1.97	360	65	5.6	2.31	133	30	6.9	1.77	227	35	4.8
2/28/2021	1.98	276	50	5.0	2.42	40	12	8.7	1.91	236	37	4.4
3/31/2021	1.84	338	50	4.6	4.62	7	5	22.9	1.78	331	45	4.2
4/30/2021	1.71	324	44	4.1	1.86	2	0	6.5	1.71	322	44	4.1
5/31/2021	1.96	327	46	4.4	3.95	2	1	9.0	1.95	325	45	4.3
6/30/2021	1.97	315	43	4.1		0	0		1.97	315	43	4.1
7/31/2021	1.89	321	46	4.5	1.85	1	0	7.0	1.89	320	46	4.5
<b>Total</b>	<b>1.89</b>	<b>3,821</b>	<b>49</b>	<b>4.7</b>	<b>2.57</b>	<b>372</b>	<b>7</b>	<b>7.2</b>	<b>1.85</b>	<b>3,449</b>	<b>42</b>	<b>4.4</b>

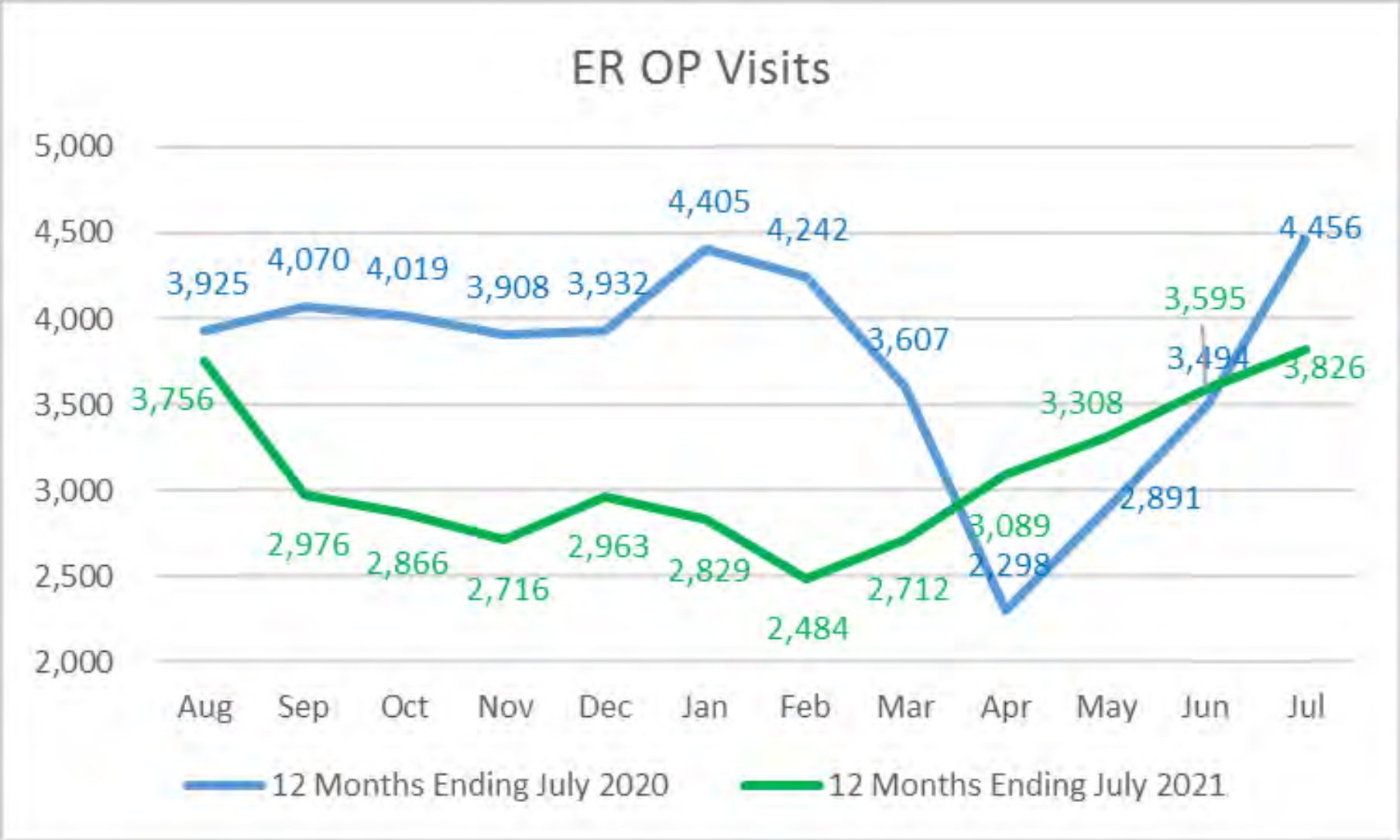
# IP Surgery Cases – July 2021



# OP Surgery Cases – July 2021

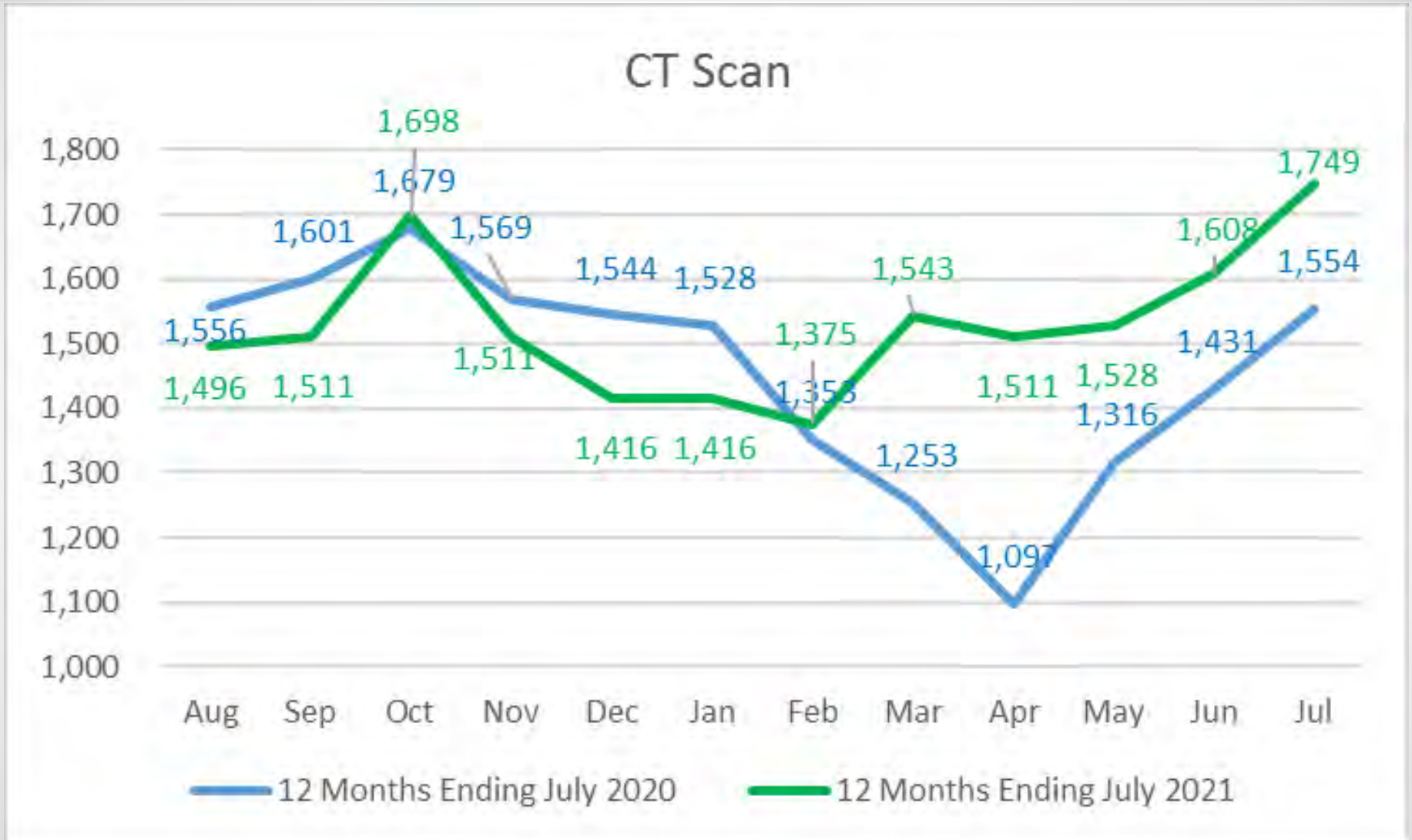


# ER OP Visits – July 2021

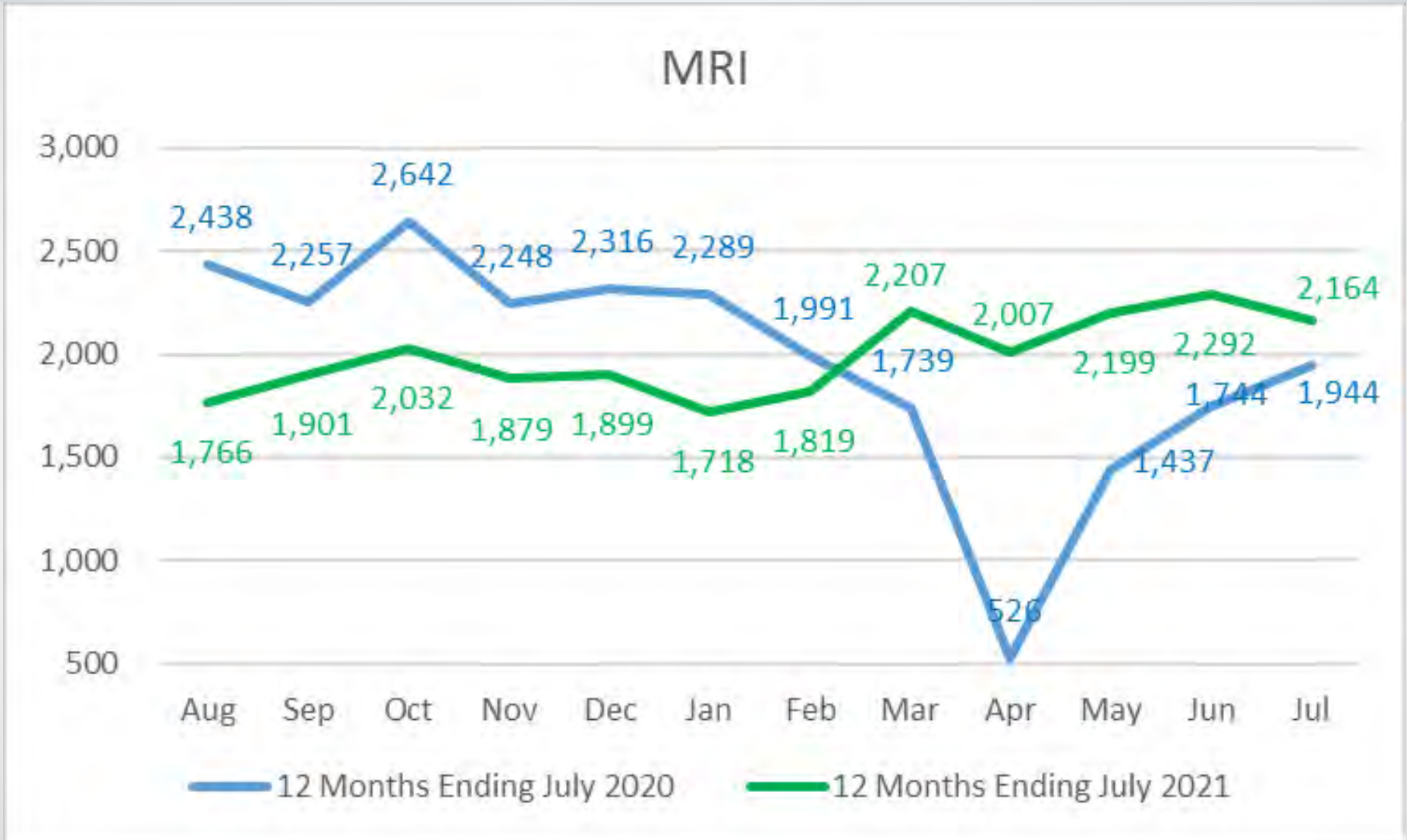




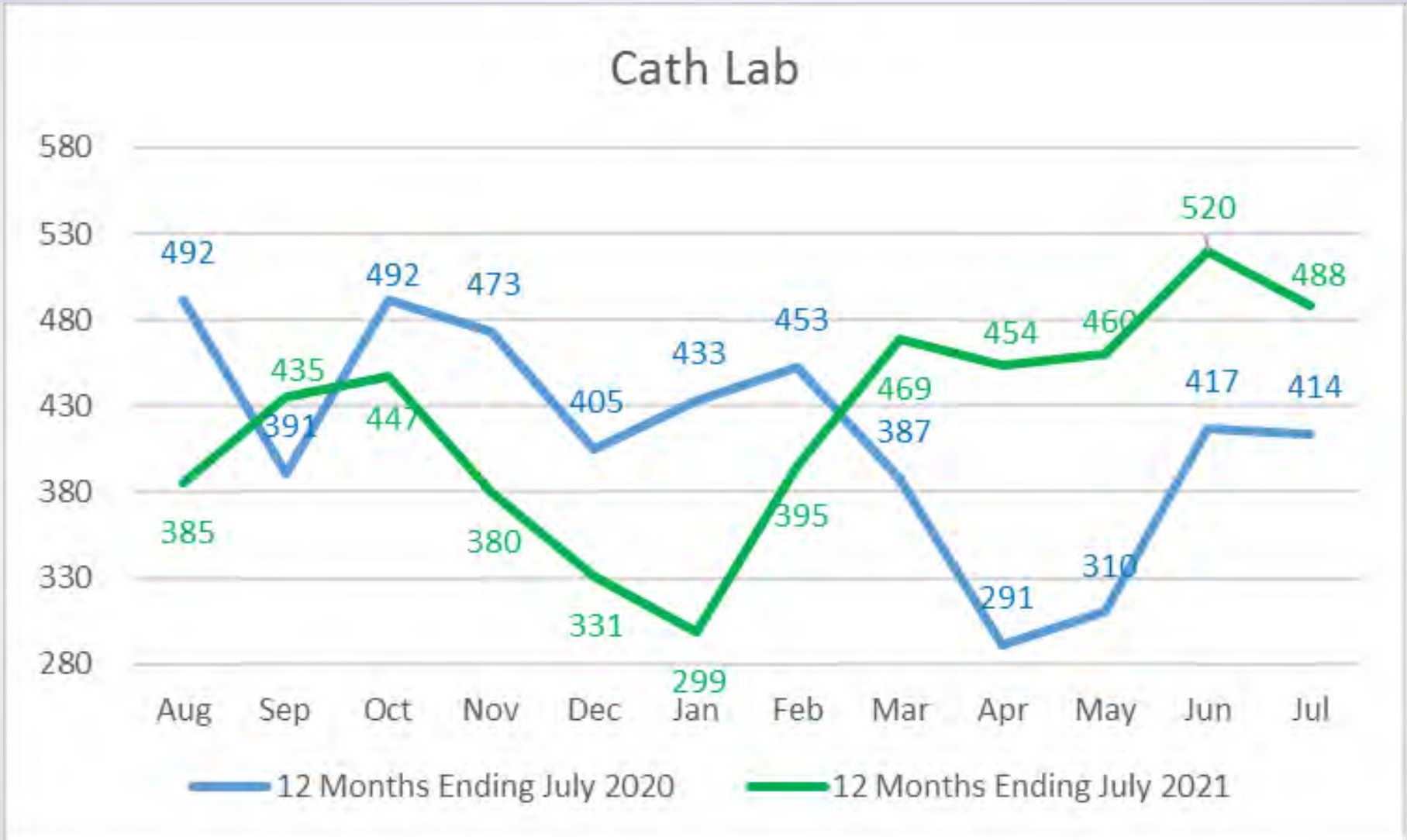
# CT Scan Cases – July 2021



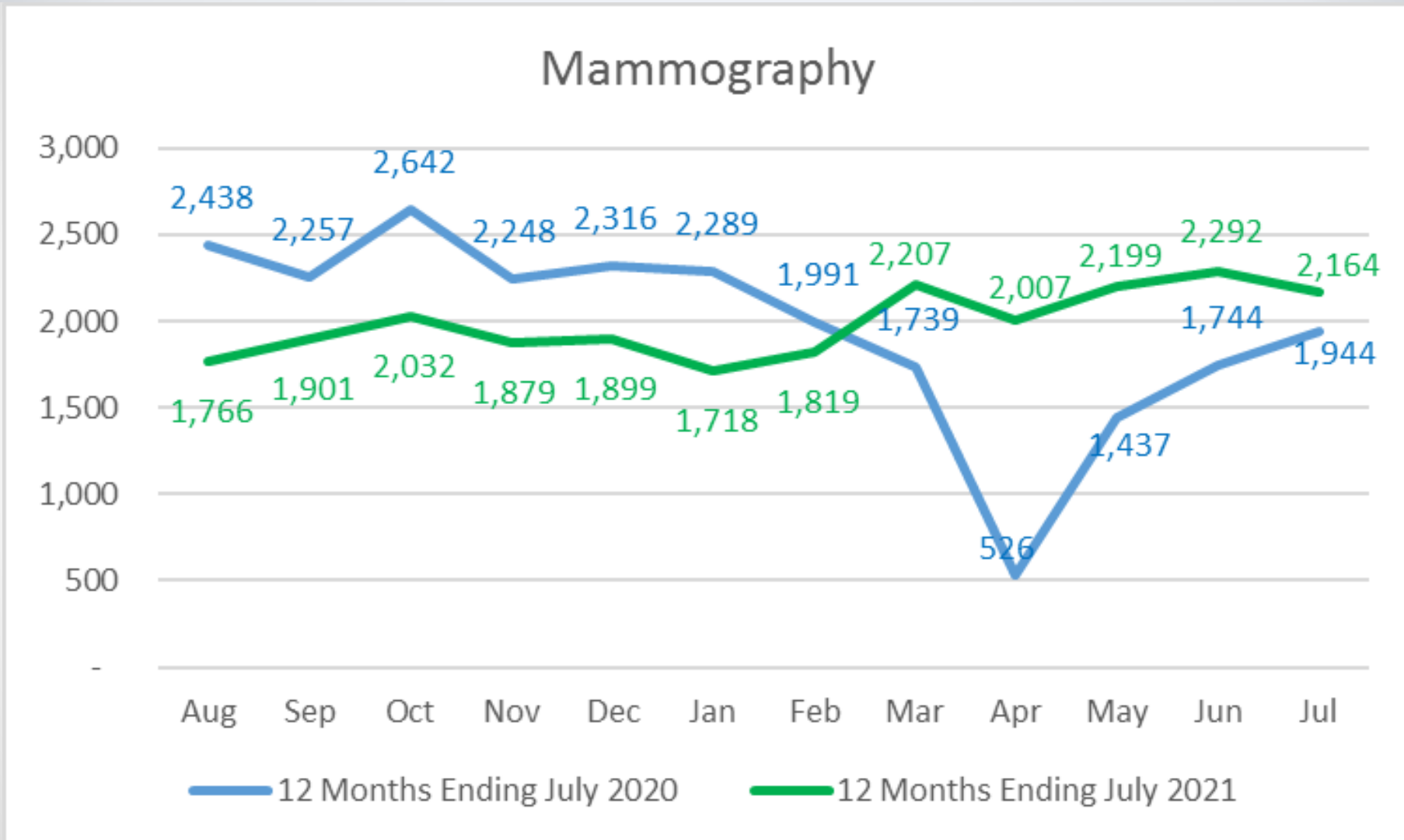
# MRI – July 2021



# Cath Lab – July 2021

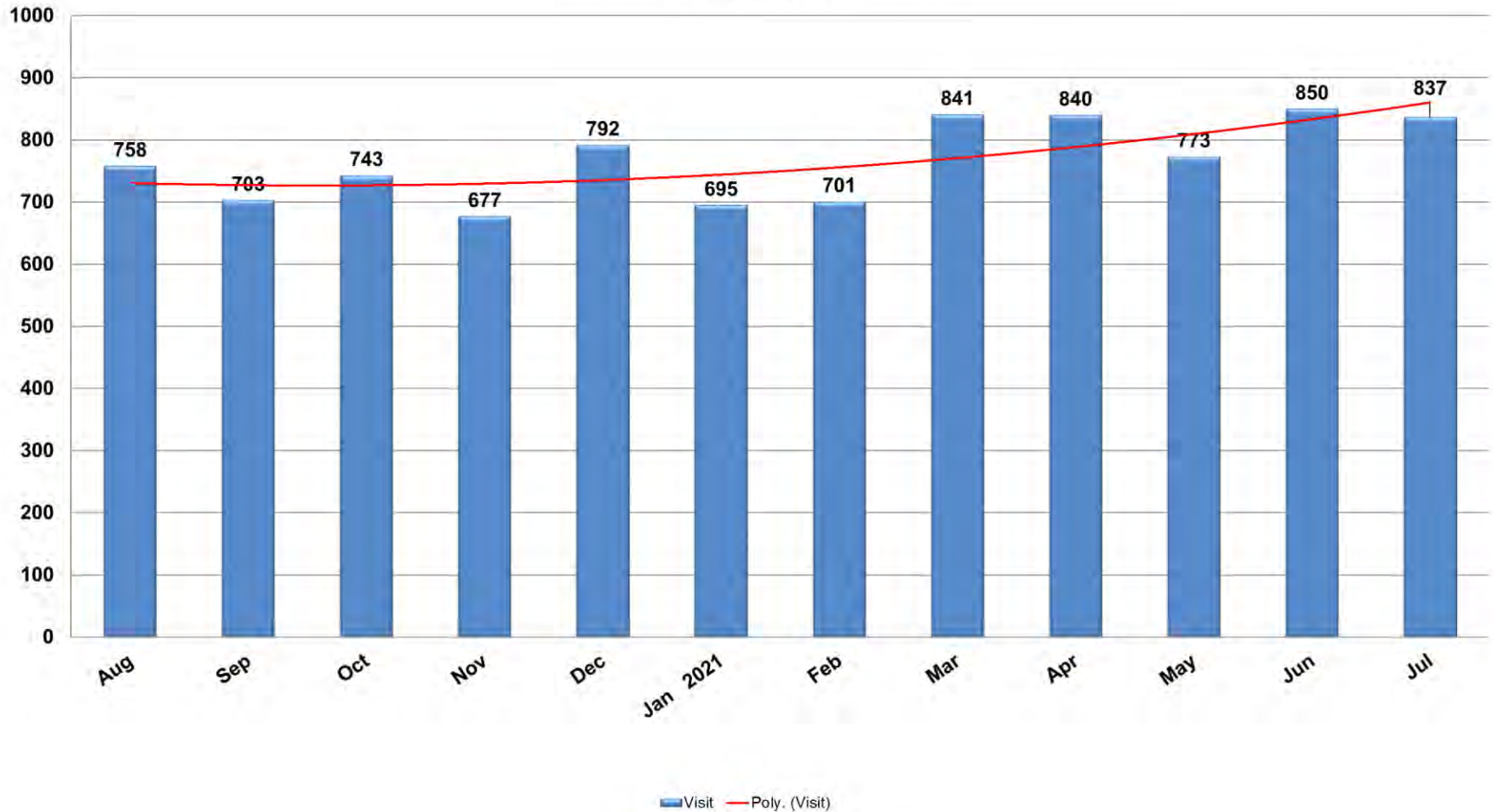


# Mammography – July 2021



# OP Infusion Service Line

OP Infusion - Rolling 12 Month Trend  
(Includes Botox)  
Aug 2020 thru Jul 2021



# Cardiac Diagnostic O/P Center (CDOC)

CDOC Cases - Rolling 12 Month Trend  
Aug 2020 thru Jul 2021

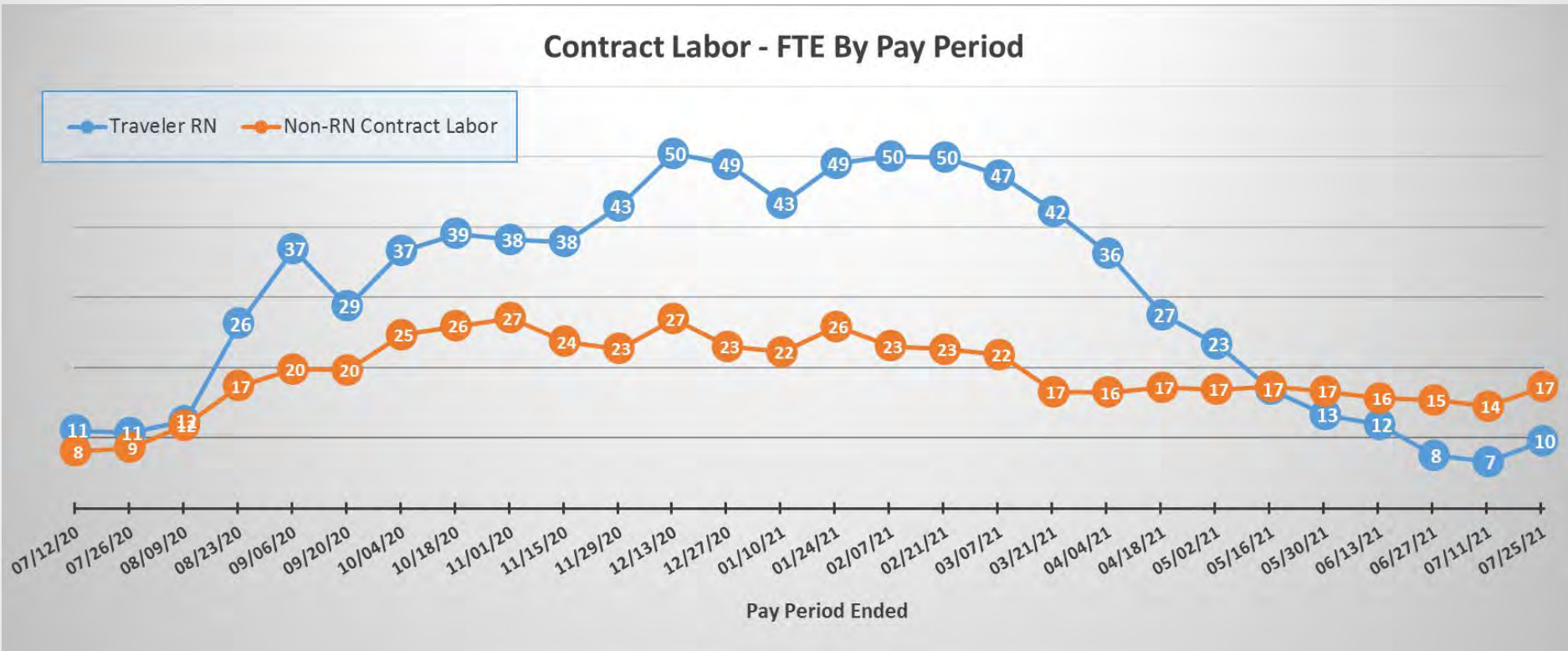


# Cost Management - Labor Productivity

## July 2021

- 1. Worked FTEs:** During the month of July, worked FTEs on a PAADC basis were relatively on target at 6.69. *When reviewed on a unit by unit level, the variance was 30.5 FTE positive with the variance for salaries, wages and benefits valued at \$432k favorable. This was driven by departments staying below the budget targets as we head into the new fiscal year.*
  - 2. Paid FTEs:** On a PAADC basis paid FTEs were **2%** unfavorable to budget at **(8.08 actual vs. 7.90 budget)**. This was driven by higher than normal PTO use at the start of summer as staff who have not been able to take time off during the various Covid waves have been able to take time off. Even with the increase in PTO use, the total paid FTEs stood at 1,679 in July which is down from 1,705 in April/May and 1,699 in June.
- ✓ As stated last month, open positions are being evaluated for the need to replace, and to the extent possible, being filled by shifting staff between departments as attrition occurs in order to align staffing to reduced volumes. This includes efforts to retrain staff to fill vacant positions.

# Contract Labor FTE By Pay Period

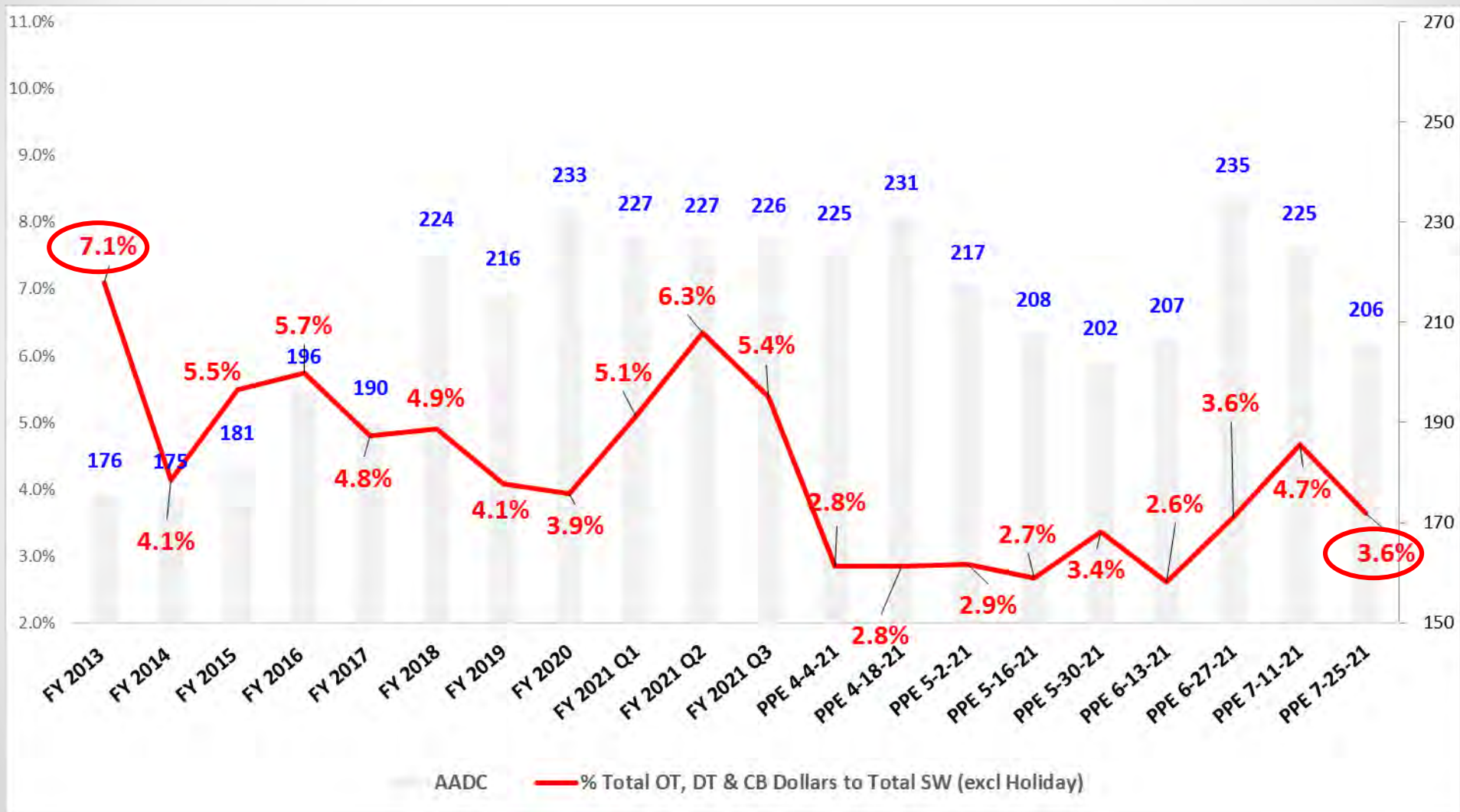


Nursing contract labor FTE has been reduced significantly since the beginning of March, from a high of 50 FTE to 8-10 FTE's the last few pay periods. Non-RN contract labor has also declined significantly, and has been stable. In both categories there was a slight uptick in the last pay period which appears to coincide with high PTO levels across the organization as we head into the summer period.



# % of Total OT, DT & CB Dollars to Total S&W

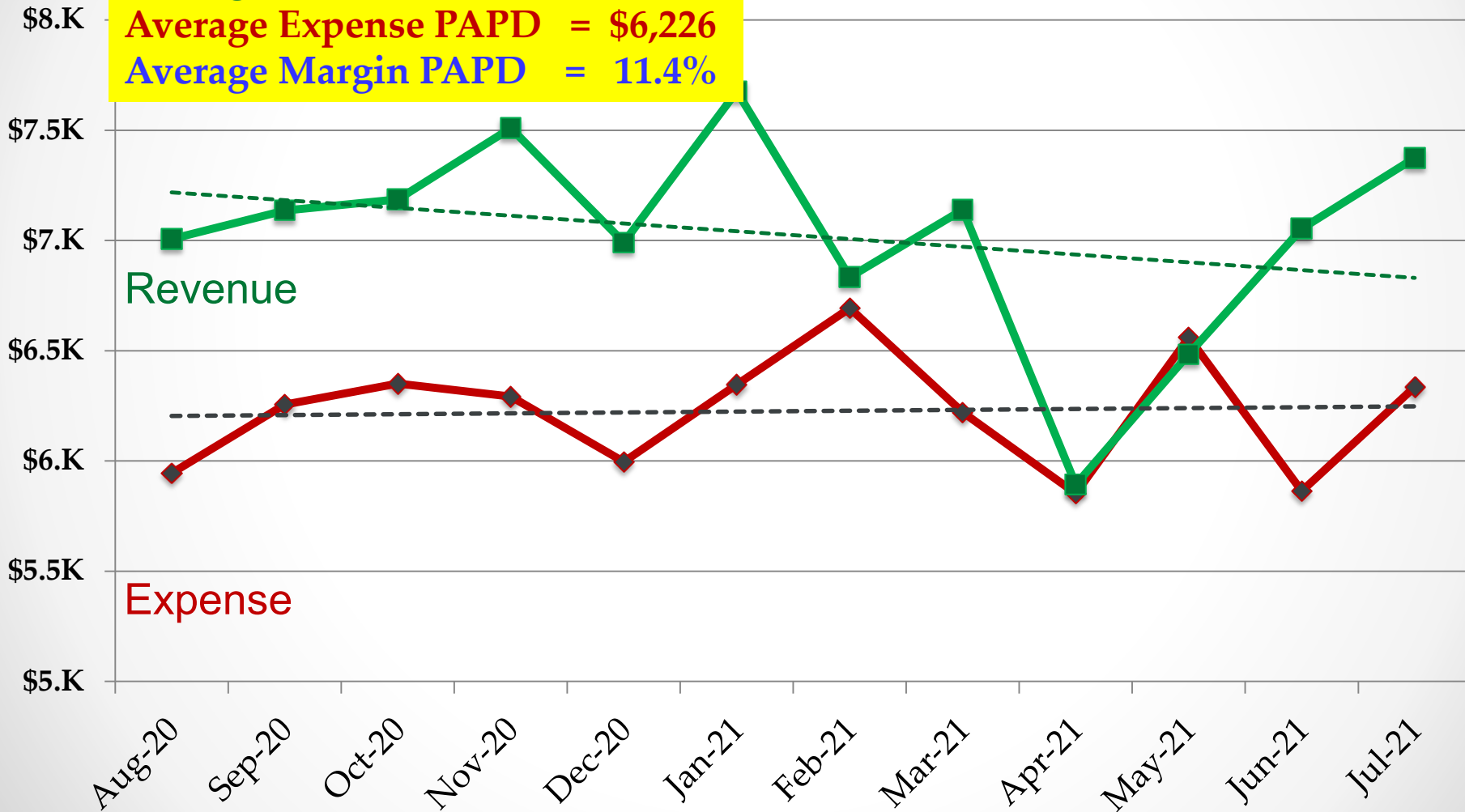
## Updated Thru PPE 7-25-21



# SVMH Revenues & Expenses Per Adjusted Patient Day (Normalized)

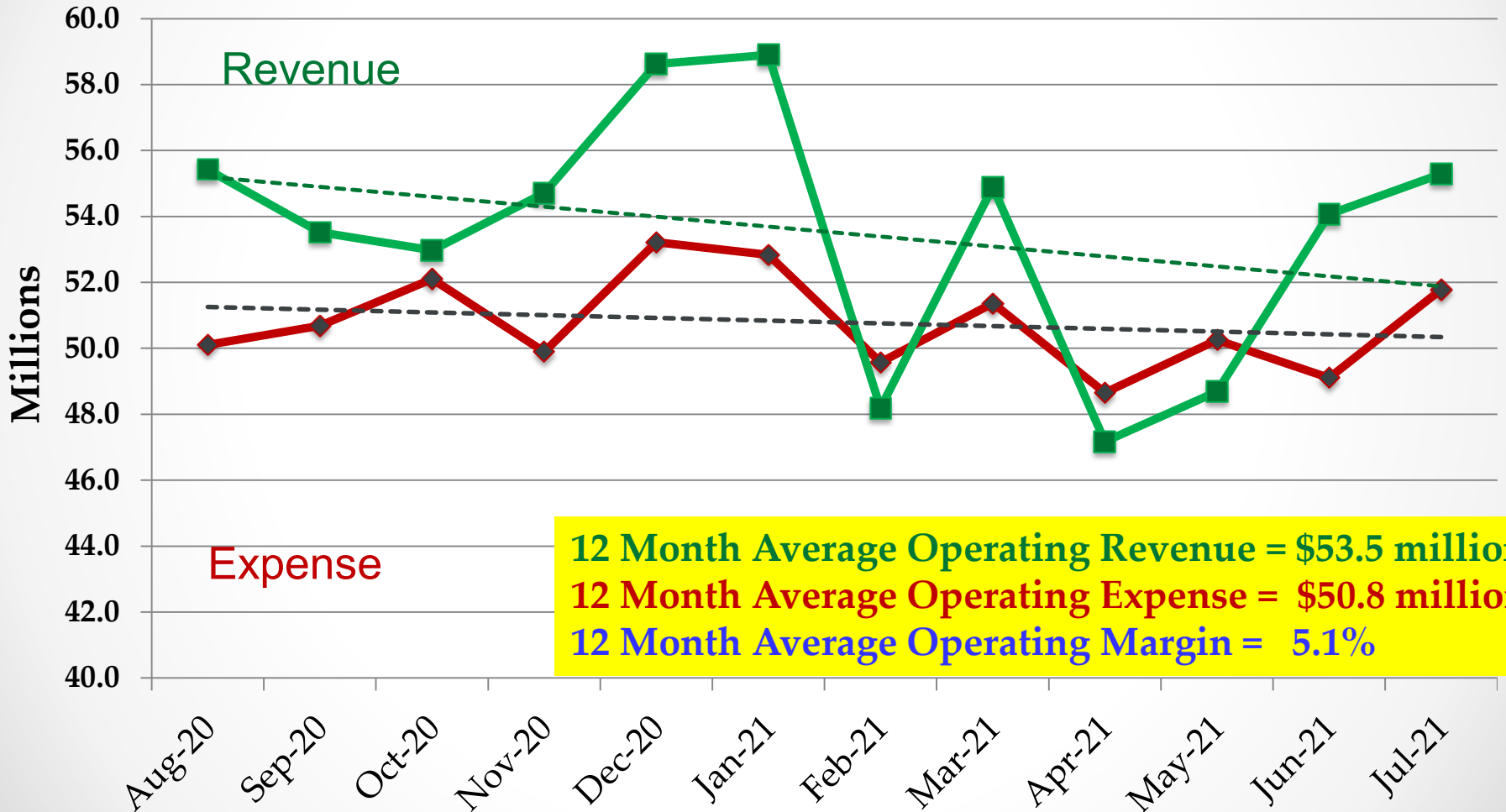
Rolling 12 Months: August 20 to July 21

**Average Revenue PAPD = \$7,024**  
**Average Expense PAPD = \$6,226**  
**Average Margin PAPD = 11.4%**



# SVMHS Operating Revenues & Expenses (Normalized)

Rolling 12 Months: August 20 to July 21



# SVMHS Key Financial Indicators

	YTD	SVMHS		S&P A+ Rated		YTD	
Statistic	Jul-21	Target	+/-	Hospitals	+/-	Jul-20	+/-
Operating Margin*	6.3%	9.0%		4.0%		8.2%	
Total Margin*	9.5%	10.8%		6.6%		11.5%	
EBITDA Margin**	10.5%	13.4%		13.6%		12.2%	
Days of Cash*	375	305		249		342	
Days of Accounts Payable*	45	45		-		47	
Days of Net Accounts Receivable***	46	45		49		51	
Supply Expense as % NPR	11.6%	15.0%		-		12.2%	
SWB Expense as % NPR	54.2%	53.0%		53.7%		54.3%	
Operating Expense per APD*	6,204	4,992		-		6,175	

\*These metrics have been adjusted for normalizing items

\*\*Metric based on Operating Income (consistent with industry standard)

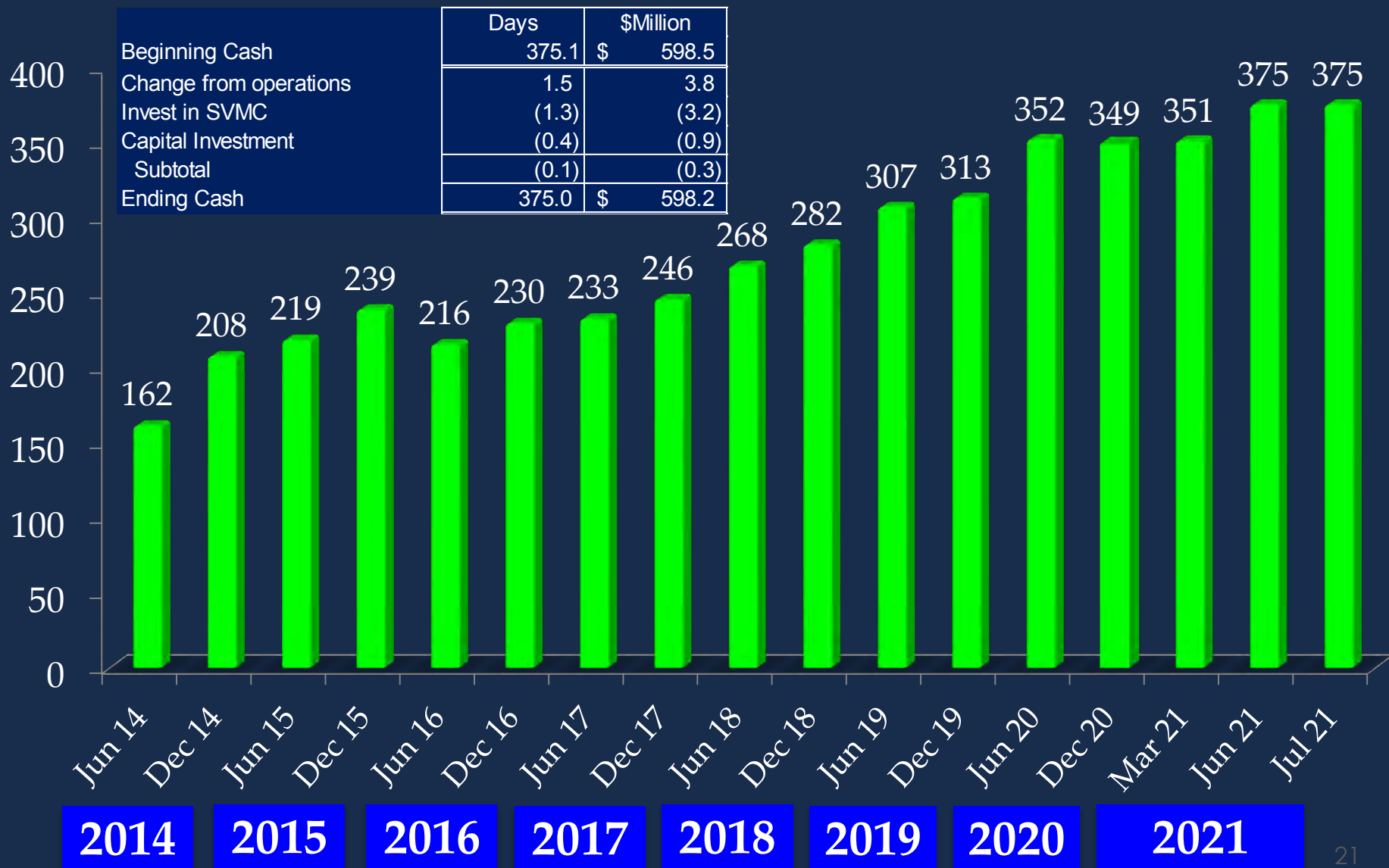
\*\*\*Metric based on 90 days average net revenue (consistent with industry standard)

Days of Cash and Accounts Payable metrics have been adjusted to **exclude** accelerated insurance payments (COVID-19 assistance)

# Salinas Valley Memorial Healthcare System

Days Cash on Hand = 375 Days (\$598M)

July 2021



# ASSETS WHOSE USE IS LIMITED

		<u>July-21</u>		<u>YTD</u>
Beginning balance	\$	143,257,278	\$	143,257,278
Investment income or (loss)		430,840		430,840
Transfer		1,000,000		1,000,000
Ending balance	\$	<u>144,688,118</u>	\$	<u>144,688,118</u>

# ROUTINE CAPITAL EXPENDITURES Through July 2021

Fiscal Month	2021-22 Approved Budget *	Total Purchased Expenditures	Remaining	Project	Amount
July	1,558,333	764,068	794,265	Lab Analyzer Replacement	163,108
August	1,558,333		2,352,599	Nurse Call Replacement System	56,317
September	1,558,333		3,910,932	Telecom/PBX Relocation Project	35,954
October	1,558,333		5,469,265	Heart Center Air Handler Replacement	30,319
November	1,558,333		7,027,599	Other CIP	63,364
December	1,558,333		8,585,932	Total Improvements	349,062
January	1,558,333		10,144,265	Anesthesia System	106,964
February	1,558,333		11,702,599	Telemetry Monitoring Equipment	93,154
March	1,558,333		13,260,932	Fetal Monitoring Carts	82,372
April	1,558,333		14,819,265	IT Micro-wave Dish Replacements	75,742
May	1,558,333		16,377,599	Other Equipment <\$100K	56,774
June	1,558,333		17,935,932	Total Equipment	415,006
<b>YTD TOTAL</b>	<b>18,700,000</b>	<b>764,068</b>	<b>17,935,932</b>	<b>Grand Total</b>	<b>764,068</b>

# *QUESTIONS / COMMENTS*



SALINAS VALLEY MEMORIAL HOSPITAL  
SUMMARY INCOME STATEMENT  
July 31, 2021

	<u>Month of July,</u>		<u>One months ended July 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 47,519,822	\$ 49,280,738	\$ 47,519,822	\$ 49,280,738
Other operating revenue	1,245,084	734,140	1,245,084	734,140
Total operating revenue	<u>48,764,906</u>	<u>50,014,878</u>	<u>48,764,906</u>	<u>50,014,878</u>
Total operating expenses	40,826,045	42,352,153	40,826,045	42,352,153
Total non-operating income	<u>(2,578,712)</u>	<u>(1,608,177)</u>	<u>(2,578,712)</u>	<u>(1,608,177)</u>
Operating and non-operating income	<u>\$ 5,360,149</u>	<u>\$ 6,054,548</u>	<u>\$ 5,360,149</u>	<u>\$ 6,054,548</u>

SALINAS VALLEY MEMORIAL HOSPITAL  
 BALANCE SHEETS  
 July 31, 2021

	<u>Current year</u>	<u>Prior year</u>
<b>ASSETS:</b>		
Current assets	\$ 422,859,066	\$ 385,484,552
Assets whose use is limited or restricted by board	144,688,118	131,826,626
Capital assets	243,431,852	261,739,588
Other assets	189,394,412	191,460,297
Deferred pension outflows	<u>50,119,236</u>	<u>83,379,890</u>
	<u>\$ 1,050,492,684</u>	<u>\$ 1,053,890,953</u>
<b>LIABILITIES AND EQUITY:</b>		
Current liabilities	134,723,701	160,908,342
Long term liabilities	14,556,513	14,780,831
	83,585,120	126,340,336
Net assets	<u>817,627,350</u>	<u>751,861,444</u>
	<u>\$ 1,050,492,684</u>	<u>\$ 1,053,890,953</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
SCHEDULES OF NET PATIENT REVENUE  
July 31, 2021**

	<u>Month of July,</u>		<u>One months ended July 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,567	1,531	1,567	1,531
Medi-Cal	958	1,007	958	1,007
Commercial insurance	704	877	704	877
Other patient	147	157	147	157
Total patient days	<u>3,376</u>	<u>3,572</u>	<u>3,376</u>	<u>3,572</u>
Gross revenue:				
Medicare	\$ 89,809,744	\$ 79,564,858	\$ 89,809,744	\$ 79,564,858
Medi-Cal	56,235,627	50,650,046	56,235,627	50,650,046
Commercial insurance	52,117,669	53,354,994	52,117,669	53,354,994
Other patient	<u>9,707,313</u>	<u>9,726,563</u>	<u>9,707,313</u>	<u>9,726,563</u>
Gross revenue	<u>207,870,353</u>	<u>193,296,460</u>	<u>207,870,353</u>	<u>193,296,460</u>
Deductions from revenue:				
Administrative adjustment	197,088	182,381	197,088	182,381
Charity care	879,629	629,669	879,629	629,669
Contractual adjustments:				
Medicare outpatient	28,185,083	26,655,636	28,185,083	26,655,636
Medicare inpatient	37,164,021	33,094,674	37,164,021	33,094,674
Medi-Cal traditional outpatient	2,295,188	1,569,844	2,295,188	1,569,844
Medi-Cal traditional inpatient	4,807,415	7,324,511	4,807,415	7,324,511
Medi-Cal managed care outpatient	23,374,131	19,082,170	23,374,131	19,082,170
Medi-Cal managed care inpatient	21,984,385	17,116,764	21,984,385	17,116,764
Commercial insurance outpatient	17,673,298	16,935,952	17,673,298	16,935,952
Commercial insurance inpatient	17,899,876	16,075,782	17,899,876	16,075,782
Uncollectible accounts expense	4,098,800	3,866,061	4,098,800	3,866,061
Other payors	<u>1,791,617</u>	<u>1,482,280</u>	<u>1,791,617</u>	<u>1,482,280</u>
Deductions from revenue	<u>160,350,531</u>	<u>144,015,723</u>	<u>160,350,531</u>	<u>144,015,723</u>
Net patient revenue	<u>\$ 47,519,822</u>	<u>\$ 49,280,738</u>	<u>\$ 47,519,822</u>	<u>\$ 49,280,738</u>
Gross billed charges by patient type:				
Inpatient	\$ 109,067,432	\$ 100,589,067	\$ 109,067,432	\$ 100,589,067
Outpatient	71,111,719	71,094,366	71,111,719	71,094,366
Emergency room	<u>27,691,201</u>	<u>21,613,028</u>	<u>27,691,201</u>	<u>21,613,028</u>
Total	<u>\$ 207,870,352</u>	<u>\$ 193,296,460</u>	<u>\$ 207,870,352</u>	<u>\$ 193,296,460</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
STATEMENTS OF REVENUE AND EXPENSES  
July 31, 2021**

	<u>Month of July,</u>		<u>One months ended July 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 47,519,822	\$ 49,280,738	\$ 47,519,822	\$ 49,280,738
Other operating revenue	<u>1,245,084</u>	<u>734,140</u>	<u>1,245,084</u>	<u>734,140</u>
Total operating revenue	<u>48,764,906</u>	<u>50,014,878</u>	<u>48,764,906</u>	<u>50,014,878</u>
Operating expenses:				
Salaries and wages	15,460,007	15,771,480	15,460,007	15,771,480
Compensated absences	2,536,575	2,447,833	2,536,575	2,447,833
Employee benefits	7,644,428	9,036,323	7,644,428	9,036,323
Supplies, food, and linen	5,569,596	6,099,845	5,569,596	6,099,845
Purchased department functions	3,362,230	3,633,522	3,362,230	3,633,522
Medical fees	1,859,620	1,357,051	1,859,620	1,357,051
Other fees	1,211,933	1,185,217	1,211,933	1,185,217
Depreciation	1,808,916	1,777,083	1,808,916	1,777,083
All other expense	<u>1,372,740</u>	<u>1,043,799</u>	<u>1,372,740</u>	<u>1,043,799</u>
Total operating expenses	<u>40,826,045</u>	<u>42,352,153</u>	<u>40,826,045</u>	<u>42,352,153</u>
Income from operations	<u>7,938,861</u>	<u>7,662,725</u>	<u>7,938,861</u>	<u>7,662,725</u>
Non-operating income:				
Donations	166,667	166,667	166,667	166,667
Property taxes	333,333	333,333	333,333	333,333
Investment income	539,322	901,969	539,322	901,969
Taxes and licenses	0	0	0	0
Income from subsidiaries	<u>(3,618,034)</u>	<u>(3,010,146)</u>	<u>(3,618,034)</u>	<u>(3,010,146)</u>
Total non-operating income	<u>(2,578,712)</u>	<u>(1,608,177)</u>	<u>(2,578,712)</u>	<u>(1,608,177)</u>
Operating and non-operating income	5,360,149	6,054,548	5,360,149	6,054,548
Net assets to begin	<u>812,267,201</u>	<u>745,806,897</u>	<u>812,267,202</u>	<u>745,806,898</u>
Net assets to end	<u>\$ 817,627,350</u>	<u>\$ 751,861,444</u>	<u>\$ 817,627,351</u>	<u>\$ 751,861,445</u>
Net income excluding non-recurring items	\$ 5,360,149	\$ 6,054,548	\$ 5,360,149	\$ 6,054,548
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating and non-operating income	<u>\$ 5,360,149</u>	<u>\$ 6,054,548</u>	<u>\$ 5,360,149</u>	<u>\$ 6,054,548</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
SCHEDULES OF INVESTMENT INCOME  
July 31, 2021**

	Month of July,		One months ended July 31,	
	current year	prior year	current year	prior year
Detail of other operating income:				
Dietary revenue	\$ 136,318	\$ 138,237	\$ 136,318	\$ 138,237
Discounts and scrap sale	(40)	25,577	(40)	25,577
Sale of products and services	52,946	90,368	52,946	90,368
Clinical trial fees	6,976	39,404	6,976	39,404
Stimulus Funds	0	0	0	0
Rental income	159,321	149,269	159,321	149,269
Other	889,563	291,285	889,563	291,285
<b>Total</b>	<b>\$ 1,245,084</b>	<b>\$ 734,140</b>	<b>\$ 1,245,084</b>	<b>\$ 734,140</b>
Detail of investment income:				
Bank and payor interest	\$ 64,189	\$ 199,466	\$ 64,189	\$ 199,466
Income from investments	463,579	702,503	463,579	702,503
Gain or loss on property and equipment	11,554	0	11,554	0
<b>Total</b>	<b>\$ 539,322</b>	<b>\$ 901,969</b>	<b>\$ 539,322</b>	<b>\$ 901,969</b>
Detail of income from subsidiaries:				
Salinas Valley Medical Center:				
Pulmonary Medicine Center	\$ (158,662)	\$ (2,067,599)	\$ (158,662)	\$ (2,067,599)
Neurological Clinic	(17,644)	(162)	(17,644)	(162)
Palliative Care Clinic	(111,034)	(34,453)	(111,034)	(34,453)
Surgery Clinic	(118,811)	(51,364)	(118,811)	(51,364)
Infectious Disease Clinic	(33,709)	(6,569)	(33,709)	(6,569)
Endocrinology Clinic	(111,206)	35,988	(111,206)	35,988
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(225,771)	(204,372)	(225,771)	(204,372)
OB/GYN Clinic	(330,021)	(78,298)	(330,021)	(78,298)
PrimeCare Medical Group	(2,083,664)	(307,098)	(2,083,664)	(307,098)
Oncology Clinic	(243,559)	(169,184)	(243,559)	(169,184)
Cardiac Surgery	(151,357)	(69,418)	(151,357)	(69,418)
Sleep Center	(42,090)	86,164	(42,090)	86,164
Rheumatology	(55,451)	75,594	(55,451)	75,594
Precision Ortho MDs	(98,799)	(180,311)	(98,799)	(180,311)
Precision Ortho-MRI	0	(16,405)	0	(16,405)
Precision Ortho-PT	(44,237)	(14,678)	(44,237)	(14,678)
Dermatology	(20,910)	(4,814)	(20,910)	(4,814)
Hospitalists	0	0	0	0
Behavioral Health	(75,508)	30,678	(75,508)	30,678
Pediatric Diabetes	(42,463)	(7,142)	(42,463)	(7,142)
Neurosurgery	(27,016)	(15,987)	(27,016)	(15,987)
Multi-Specialty-RR	10,714	12,438	10,714	12,438
Radiology	(275,460)	(13,323)	(275,460)	(13,323)
Salinas Family Practice	(38,962)	0	(38,962)	0
<b>Total SVMC</b>	<b>(4,295,620)</b>	<b>(3,000,315)</b>	<b>(4,295,620)</b>	<b>(3,000,315)</b>
Doctors on Duty	407,147	147,550	407,147	147,550
Assisted Living	0	(7,464)	0	(7,464)
Salinas Valley Imaging	0	(26,544)	0	(26,544)
Vantage Surgery Center	23,219	26,284	23,219	26,284
LPCH NICU JV	0	0	0	0
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	170,827	119,156	170,827	119,156
Aspire/CHI/Coastal	(22,570)	(118,569)	(22,570)	(118,569)
Apex	17,889	14,636	17,889	14,636
21st Century Oncology	34,677	(166,837)	34,677	(166,837)
Monterey Bay Endoscopy Center	46,396	1,957	46,396	1,957
<b>Total</b>	<b>\$ (3,618,034)</b>	<b>\$ (3,010,146)</b>	<b>\$ (3,618,034)</b>	<b>\$ (3,010,146)</b>

**SALINAS VALLEY MEMORIAL HOSPITAL  
BALANCE SHEETS  
July 31, 2021**

	<b>Current year</b>	<b>Prior year</b>
<b>A S S E T S</b>		
Current assets:		
Cash and cash equivalents	\$ 334,817,668	\$ 293,411,590
Patient accounts receivable, net of estimated uncollectibles of \$21,484,980	72,428,336	75,333,291
Supplies inventory at cost	8,346,798	8,675,371
Other current assets	7,266,265	8,064,301
Total current assets	422,859,066	385,484,552
Assets whose use is limited or restricted by board	144,688,118	131,826,626
Capital assets:		
Land and construction in process	33,745,314	53,851,602
Other capital assets, net of depreciation	209,686,538	207,887,986
Total capital assets	243,431,852	261,739,588
Other assets:		
Investment in Securities	147,418,440	147,812,432
Investment in SVMC	14,628,203	16,344,000
Investment in Aspire/CHI/Coastal	3,680,168	3,973,769
Investment in other affiliates	22,493,110	21,372,731
Net pension asset	1,174,491	1,957,365
Total other assets	189,394,412	191,460,297
Deferred pension outflows	50,119,236	83,379,890
	<b>\$ 1,050,492,684</b>	<b>\$ 1,053,890,953</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 55,865,923	\$ 56,707,845
Due to third party payers	61,725,924	86,561,542
Current portion of self-insurance liability	17,131,854	17,638,956
Total current liabilities	134,723,701	160,908,342
Long term portion of workers comp liability	14,556,513	14,780,831
Total liabilities	149,280,214	175,689,173
Pension liability	83,585,120	126,340,336
Net assets:		
Invested in capital assets, net of related debt	243,431,852	261,739,588
Unrestricted	574,195,498	490,121,856
Total net assets	817,627,350	751,861,444
	<b>\$ 1,050,492,684</b>	<b>\$ 1,053,890,953</b>

**SALINAS VALLEY MEMORIAL HOSPITAL**  
**STATEMENTS OF REVENUE AND EXPENSES - BUDGET VS. ACTUAL**  
**July 31, 2021**

	Month of July,				One months ended July 31,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 207,870,353	\$ 196,628,325	11,242,028	5.72%	\$ 207,870,353	\$ 196,628,325	11,242,028	5.72%
Deductions from revenue	160,350,531	151,061,525	9,289,006	6.15%	160,350,531	151,061,525	9,289,006	6.15%
Net patient revenue	47,519,822	45,566,800	1,953,022	4.29%	47,519,822	45,566,800	1,953,022	4.29%
Other operating revenue	1,245,084	774,312	470,772	60.80%	1,245,084	774,312	470,772	60.80%
<b>Total operating revenue</b>	<b>48,764,906</b>	<b>46,341,112</b>	<b>2,423,794</b>	<b>5.23%</b>	<b>48,764,906</b>	<b>46,341,112</b>	<b>2,423,794</b>	<b>5.23%</b>
Operating expenses:								
Salaries and wages	15,460,007	15,573,249	(113,242)	-0.73%	15,460,007	15,573,249	(113,242)	-0.73%
Compensated absences	2,536,575	2,763,569	(226,994)	-8.21%	2,536,575	2,763,569	(226,994)	-8.21%
Employee benefits	7,644,428	7,329,200	315,228	4.30%	7,644,428	7,329,200	315,228	4.30%
Supplies, food, and linen	5,569,596	5,938,499	(368,903)	-6.21%	5,569,596	5,938,499	(368,903)	-6.21%
Purchased department functions	3,362,230	2,945,253	416,977	14.16%	3,362,230	2,945,253	416,977	14.16%
Medical fees	1,859,620	1,830,070	29,550	1.61%	1,859,620	1,830,070	29,550	1.61%
Other fees	1,211,933	924,981	286,952	31.02%	1,211,933	924,981	286,952	31.02%
Depreciation	1,808,916	1,793,133	15,783	0.88%	1,808,916	1,793,133	15,783	0.88%
All other expense	1,372,740	1,455,868	(83,128)	-5.71%	1,372,740	1,455,868	(83,128)	-5.71%
<b>Total operating expenses</b>	<b>40,826,045</b>	<b>40,553,822</b>	<b>272,223</b>	<b>0.67%</b>	<b>40,826,045</b>	<b>40,553,822</b>	<b>272,223</b>	<b>0.67%</b>
<b>Income from operations</b>	<b>7,938,861</b>	<b>5,787,290</b>	<b>2,151,571</b>	<b>37.18%</b>	<b>7,938,861</b>	<b>5,787,290</b>	<b>2,151,571</b>	<b>37.18%</b>
Non-operating income:								
Donations	166,667	166,667	0	0.00%	166,667	166,667	0	0.00%
Property taxes	333,333	333,333	(0)	0.00%	333,333	333,333	(0)	0.00%
Investment income	539,322	(63,302)	602,623	-951.99%	539,322	(63,302)	602,623	-951.99%
Income from subsidiaries	(3,618,034)	(4,168,624)	550,590	-13.21%	(3,618,034)	(4,168,624)	550,590	-13.21%
<b>Total non-operating income</b>	<b>(2,578,712)</b>	<b>(3,731,925)</b>	<b>1,153,213</b>	<b>-30.90%</b>	<b>(2,578,712)</b>	<b>(3,731,925)</b>	<b>1,153,213</b>	<b>-30.90%</b>
<b>Operating and non-operating income</b>	<b>\$ 5,360,149</b>	<b>\$ 2,055,364</b>	<b>3,304,784</b>	<b>160.79%</b>	<b>\$ 5,360,149</b>	<b>\$ 2,055,364</b>	<b>3,304,784</b>	<b>160.79%</b>

**SALINAS VALLEY MEMORIAL HOSPITAL**

**PATIENT STATISTICAL REPORT**

For the month of July and one months to date

	<u>Month of July</u>		<u>One months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>NEWBORN STATISTICS</u>					
Medi-Cal Admissions	50	48	50	48	(2)
Other Admissions	117	93	117	93	(24)
Total Admissions	167	141	167	141	(26)
Medi-Cal Patient Days	73	74	73	74	1
Other Patient Days	176	176	176	176	0
Total Patient Days of Care	249	250	249	250	1
Average Daily Census	8.0	8.1	8.0	8.1	0.0
Medi-Cal Average Days	1.5	1.6	1.5	1.6	0.1
Other Average Days	1.5	1.9	1.5	1.9	0.4
Total Average Days Stay	1.5	1.8	1.5	1.8	0.3
<u>ADULTS &amp; PEDIATRICS</u>					
Medicare Admissions	337	301	337	301	(36)
Medi-Cal Admissions	282	255	232	255	23
Other Admissions	445	299	328	299	(29)
Total Admissions	1,064	855	897	855	(42)
Medicare Patient Days	1,344	1,327	1,344	1,327	(17)
Medi-Cal Patient Days	1,048	1,005	1,048	1,005	(43)
Other Patient Days	1,036	1,046	1,036	1,046	10
Total Patient Days of Care	3,428	3,378	3,428	3,378	(50)
Average Daily Census	110.6	109.0	110.6	109.0	(1.6)
Medicare Average Length of Stay	4.0	3.9	4.0	3.9	(0.0)
Medi-Cal Average Length of Stay	3.7	2.8	3.7	2.8	(0.9)
Other Average Length of Stay	2.3	2.9	2.3	2.9	0.6
Total Average Length of Stay	3.2	3.2	3.2	3.2	(0.0)
Deaths	28	20	28	20	(8)
Total Patient Days	3,677	3,628	3,677	3,628	(49)
Medi-Cal Administrative Days	0	2	0	2	2
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	0	2	0	2	2
Percent Non-Acute	0.00%	0.06%	0.00%	0.06%	0.06%



**SALINAS VALLEY MEMORIAL HOSPITAL**

**PATIENT STATISTICAL REPORT**

For the month of July and one months to date

	<u>Month of July</u>		<u>One months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	214	224	214	224	10
Heart Center	325	333	325	333	8
Monitored Beds	853	819	853	819	(34)
Single Room Maternity/Obstetrics	409	365	409	365	(44)
Med/Surg - Cardiovascular	662	711	662	711	49
Med/Surg - Oncology	159	280	159	280	121
Med/Surg - Rehab	406	405	406	405	(1)
Pediatrics	72	97	72	97	25
Nursery	249	250	249	250	1
Neonatal Intensive Care	144	82	144	82	(62)
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	53.10%	55.58%	53.10%	55.58%	
Heart Center	69.89%	71.61%	69.89%	71.61%	
Monitored Beds	101.91%	97.85%	101.91%	97.85%	
Single Room Maternity/Obstetrics	35.66%	31.82%	35.66%	31.82%	
Med/Surg - Cardiovascular	47.46%	50.97%	47.46%	50.97%	
Med/Surg - Oncology	39.45%	69.48%	39.45%	69.48%	
Med/Surg - Rehab	50.37%	50.25%	50.37%	50.25%	
Med/Surg - Observation Care Unit	0.00%	11.76%	0.00%	11.76%	
Pediatrics	12.90%	17.38%	12.90%	17.38%	
Nursery	48.68%	48.88%	24.34%	24.44%	
Neonatal Intensive Care	42.23%	24.05%	42.23%	24.05%	

**SALINAS VALLEY MEMORIAL HOSPITAL**  
**PATIENT STATISTICAL REPORT**  
For the month of July and one months to date

	<u>Month of July</u>		<u>One months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>DELIVERY ROOM</u>					
Total deliveries	161	133	161	133	(28)
C-Section deliveries	46	38	46	38	(8)
Percent of C-section deliveries	28.57%	28.57%	28.57%	28.57%	0.00%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	38,067	23,418	38,067	23,418	(14,649)
Out-Patient Operating Minutes	12,942	25,717	12,942	25,717	12,775
Total	51,009	49,135	51,009	49,135	(1,874)
Open Heart Surgeries	15	14	15	14	(1)
In-Patient Cases	214	150	214	150	(64)
Out-Patient Cases	240	253	240	253	13
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	13	39	13	39	26
High Risk	479	465	479	465	(14)
More Than One Resource	2,194	2,623	2,194	2,623	429
One Resource	2,574	1,480	2,574	1,480	(1,094)
No Resources	58	82	58	82	24
Total	<u>5,318</u>	<u>4,689</u>	<u>5,318</u>	<u>4,689</u>	<u>(629)</u>

**SALINAS VALLEY MEMORIAL HOSPITAL**

**PATIENT STATISTICAL REPORT**

For the month of July and one months to date

	<u>Month of July</u>		<u>One months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
<b>CENTRAL SUPPLY</b>					
In-patient requisitions	13,071	16,118	13,071	16,118	3,047
Out-patient requisitions	11,199	9,429	11,199	9,429	-1,770
Emergency room requisitions	1,684	1,702	1,684	1,702	18
Interdepartmental requisitions	6,941	5,818	6,941	5,818	-1,123
Total requisitions	<u>32,895</u>	<u>33,067</u>	<u>32,895</u>	<u>33,067</u>	<u>172</u>
<b>LABORATORY</b>					
In-patient procedures	34,874	34,234	34,874	34,234	-640
Out-patient procedures	10,767	11,390	10,767	11,390	623
Emergency room procedures	8,181	11,246	8,181	11,246	3,065
Total patient procedures	<u>53,822</u>	<u>56,870</u>	<u>53,822</u>	<u>56,870</u>	<u>3,048</u>
<b>BLOOD BANK</b>					
Units processed	<u>259</u>	<u>312</u>	<u>259</u>	<u>312</u>	<u>53</u>
<b>ELECTROCARDIOLOGY</b>					
In-patient procedures	953	1,020	953	1,020	67
Out-patient procedures	425	438	425	438	13
Emergency room procedures	823	1,071	823	1,071	248
Total procedures	<u>2,201</u>	<u>2,529</u>	<u>2,201</u>	<u>2,529</u>	<u>328</u>
<b>CATH LAB</b>					
In-patient procedures	64	108	64	108	44
Out-patient procedures	81	101	81	101	20
Emergency room procedures	0	0	0	0	0
Total procedures	<u>145</u>	<u>209</u>	<u>145</u>	<u>209</u>	<u>64</u>
<b>ECHO-CARDIOLOGY</b>					
In-patient studies	271	352	271	352	81
Out-patient studies	193	257	193	257	64
Emergency room studies	3	1	3	1	-2
Total studies	<u>467</u>	<u>610</u>	<u>467</u>	<u>610</u>	<u>143</u>
<b>NEURODIAGNOSTIC</b>					
In-patient procedures	176	155	176	155	-21
Out-patient procedures	36	19	36	19	-17
Emergency room procedures	0	0	0	0	0
Total procedures	<u>212</u>	<u>174</u>	<u>212</u>	<u>174</u>	<u>-38</u>

**SALINAS VALLEY MEMORIAL HOSPITAL**  
**PATIENT STATISTICAL REPORT**  
For the month of July and one months to date

	<u>Month of July</u>		<u>One months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
<b>SLEEP CENTER</b>					
In-patient procedures	0	0	0	0	0
Out-patient procedures	163	174	163	174	11
Emergency room procedures	0	0	0	0	0
Total procedures	<u>163</u>	<u>174</u>	<u>163</u>	<u>174</u>	<u>11</u>
<b>RADIOLOGY</b>					
In-patient procedures	1,310	1,243	1,310	1,243	-67
Out-patient procedures	734	428	734	428	-306
Emergency room procedures	1,128	1,301	1,128	1,301	173
Total patient procedures	<u>3,172</u>	<u>2,972</u>	<u>3,172</u>	<u>2,972</u>	<u>-200</u>
<b>MAGNETIC RESONANCE IMAGING</b>					
In-patient procedures	114	148	114	148	34
Out-patient procedures	139	130	139	130	-9
Emergency room procedures	13	7	13	7	-6
Total procedures	<u>266</u>	<u>285</u>	<u>266</u>	<u>285</u>	<u>19</u>
<b>MAMMOGRAPHY CENTER</b>					
In-patient procedures	3,058	3,462	3,058	3,462	404
Out-patient procedures	3,044	3,424	3,044	3,424	380
Emergency room procedures	0	4	0	4	4
Total procedures	<u>6,102</u>	<u>6,890</u>	<u>6,102</u>	<u>6,890</u>	<u>788</u>
<b>NUCLEAR MEDICINE</b>					
In-patient procedures	16	17	16	17	1
Out-patient procedures	68	95	68	95	27
Emergency room procedures	0	0	0	0	0
Total procedures	<u>84</u>	<u>112</u>	<u>84</u>	<u>112</u>	<u>28</u>
<b>PHARMACY</b>					
In-patient prescriptions	81,700	82,213	81,700	82,213	513
Out-patient prescriptions	16,522	15,743	16,522	15,743	-779
Emergency room prescriptions	4,918	6,890	4,918	6,890	1,972
Total prescriptions	<u>103,140</u>	<u>104,846</u>	<u>103,140</u>	<u>104,846</u>	<u>1,706</u>
<b>RESPIRATORY THERAPY</b>					
In-patient treatments	17,761	16,793	17,761	16,793	-968
Out-patient treatments	442	1,063	442	1,063	621
Emergency room treatments	53	212	53	212	159
Total patient treatments	<u>18,256</u>	<u>18,068</u>	<u>18,256</u>	<u>18,068</u>	<u>-188</u>
<b>PHYSICAL THERAPY</b>					
In-patient treatments	2,370	2,275	2,370	2,275	-95
Out-patient treatments	261	331	261	331	70
Emergency room treatments	0	0	0	0	0
Total treatments	<u>2,631</u>	<u>2,606</u>	<u>2,631</u>	<u>2,606</u>	<u>-25</u>

**SALINAS VALLEY MEMORIAL HOSPITAL**

**PATIENT STATISTICAL REPORT**

For the month of July and one months to date

	<u>Month of July</u>		<u>One months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
<b>OCCUPATIONAL THERAPY</b>					
In-patient procedures	1,164	1,688	1,164	1,688	524
Out-patient procedures	111	162	111	162	51
Emergency room procedures	0	0	0	0	0
Total procedures	<u>1,275</u>	<u>1,850</u>	<u>1,275</u>	<u>1,850</u>	<u>575</u>
<b>SPEECH THERAPY</b>					
In-patient treatments	385	508	385	508	123
Out-patient treatments	23	44	23	44	21
Emergency room treatments	0	0	0	0	0
Total treatments	<u>408</u>	<u>552</u>	<u>408</u>	<u>552</u>	<u>144</u>
<b>CARDIAC REHABILITATION</b>					
In-patient treatments	0	0	0	0	0
Out-patient treatments	426	563	426	563	137
Emergency room treatments	0	0	0	0	0
Total treatments	<u>426</u>	<u>563</u>	<u>426</u>	<u>563</u>	<u>137</u>
<b>CRITICAL DECISION UNIT</b>					
Observation hours	<u>241</u>	<u>243</u>	<u>241</u>	<u>243</u>	<u>2</u>
<b>ENDOSCOPY</b>					
In-patient procedures	102	107	102	107	5
Out-patient procedures	17	34	17	34	17
Emergency room procedures	0	0	0	0	0
Total procedures	<u>119</u>	<u>141</u>	<u>119</u>	<u>141</u>	<u>22</u>
<b>C.T. SCAN</b>					
In-patient procedures	544	647	544	647	103
Out-patient procedures	593	497	593	497	-96
Emergency room procedures	420	603	420	603	183
Total procedures	<u>1,557</u>	<u>1,747</u>	<u>1,557</u>	<u>1,747</u>	<u>190</u>
<b>DIETARY</b>					
Routine patient diets	16,282	17,608	16,282	17,608	1,326
Meals to personnel	<u>21,283</u>	<u>22,228</u>	<u>21,283</u>	<u>22,228</u>	<u>945</u>
Total diets and meals	<u>37,565</u>	<u>39,836</u>	<u>37,565</u>	<u>39,836</u>	<u>2,271</u>
<b>LAUNDRY AND LINEN</b>					
Total pounds laundered	<u>107,714</u>	<u>97,342</u>	<u>107,714</u>	<u>97,342</u>	<u>-10,372</u>

*PUBLIC INPUT*

*NO CLOSED SESSION*

*ADJOURNMENT – THE SEPTEMBER 2021  
FINANCE COMMITTEE MEETING  
IS SCHEDULED FOR MONDAY,  
SEPTEMBER 27, 2021, AT 12:00 P.M.*