

January 20, 2022

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 **PERSONNEL, PENSION AND INVESTMENT COMMITTEE - COMMITTEE OF THE WHOLE** of the Salinas Valley Memorial Healthcare System will be held **TUESDAY, JANUARY 25, 2022 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 for Access Information).**

Please note: Pursuant to SVMHS Board Resolution No. 2021-08, Assembly Bill 361, and guidance from the Monterey County Health Department 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: Regina M. Gage – Chair; Richard Turner – Vice Chair; Pete Delgado – President/Chief Executive Officer; Augustine Lopez – Chief Financial Officer; Michelle Childs, Chief Human Resources Officer; Glenn Berry, M.D. – Medical Staff Member; and Tony Redmond – Community Member

**PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING
JANUARY 2022 - COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**TUESDAY, JANUARY 25, 2022
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 svmh.com/virtualboardmeeting for Access Information)

Please note: Pursuant to SVMHS Board Resolution No. 2021-08, Assembly Bill 361, and guidance from the Monterey County Health Department 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.

AGENDA

1. Approval of Minutes from the Personnel, Pension and Investment Committee Meeting of December 14, 2021 (DELGADO)
 - Motion/Second
 - Action by Committee/Roll Call Vote

2. Consider Recommendation for Board Approval of (i) the Findings Supporting Recruitment of Ryan Griggs, DO (ii) the Contract Terms for Dr. Griggs' Recruitment Agreement, and (iii) the Contract Terms for Dr. Griggs' Urology Professional Services Agreement (RADNER/CALLAHAN)
 - 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 (i) the Findings Supporting Recruitment of Alison Tammany, MD (ii) the Contract Terms for Dr. Tammany's Recruitment Agreement, and (iii) the Contract Terms for Dr. Tammany's General Surgery & Colorectal Surgery Professional Services Agreement (RADNER/CALLAHAN)
 - 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 of Findings Supporting Recruitment of Physicians to Community Medical Groups and Practices and Approval of Recruitment Incentives (RADNER/CALLAHAN)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote
5. HR Metrics (CHILDS)
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. Closed Session

(See Attached Closed Session Sheet information)
9. Reconvene Open Session/Report on Closed Session
10. Adjournment – The February 2022 Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, February 22, 2022 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, and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee.

PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING OF THE BOARD OF DIRECTORS – COMMITTEE OF THE WHOLE
AGENDA FOR CLOSED SESSION

Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.

CLOSED SESSION AGENDA ITEMS

- [] **LICENSE/PERMIT DETERMINATION**
(Government Code §54956.7)

Applicant(s): (Specify number of applicants) _____

- [] **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
(Government Code §54956.8)

Property: (Specify street address, or if no street address, the parcel number or other unique reference, of the real property under negotiation): _____

Agency negotiator: (Specify names of negotiators attending the closed session): _____

Negotiating parties: (Specify name of party (not agent): _____

Under negotiation: (Specify whether instruction to negotiator will concern price, terms of payment, or both): _____

- [] **CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**
(Government Code §54956.9(d)(1))

Name of case: (Specify by reference to claimant's name, names of parties, case or claim numbers): _____, OR

Case name unspecified: (Specify whether disclosure would jeopardize service of process or existing settlement negotiations): _____

- [] **CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**
(Government Code §54956.9)

Significant exposure to litigation pursuant to Section 54956.9(d)(2) or (3) (Number of potential cases): _____

Additional information required pursuant to Section 54956.9(e): _____

Initiation of litigation pursuant to Section 54956.9(d)(4) (Number of potential cases): _____

LIABILITY CLAIMS
(Government Code §54956.95)

Claimant: (Specify name unless unspecified pursuant to Section 54961): _____

Agency claimed against: (Specify name): _____

THREAT TO PUBLIC SERVICES OR FACILITIES
(Government Code §54957)

Consultation with: (Specify name of law enforcement agency and title of officer): _____

PUBLIC EMPLOYEE APPOINTMENT
(Government Code §54957)

Title: (Specify description of position to be filled): _____

PUBLIC EMPLOYMENT
(Government Code §54957)

Title: _____

PUBLIC EMPLOYEE PERFORMANCE EVALUATION
(Government Code §54957)

Title: (Specify position title of employee being reviewed): _____

PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE
(Government Code §54957)

(No additional information is required in connection with a closed session to consider discipline, dismissal, or release of a public employee. Discipline includes potential reduction of compensation.)

CONFERENCE WITH LABOR NEGOTIATOR
(Government Code §54957.6)

Agency designated representative: (Specify name of designated representatives attending the closed session): Pete Delgado

Employee organization: (Specify name of organization representing employee or employees in question): National Union of Healthcare Workers, California Nurses Association, Local 39, ESC Local 20, or

Unrepresented employee: (Specify position title of unrepresented employee who is the subject of the negotiations): _____

[] **CASE REVIEW/PLANNING**
(Government Code §54957.8)

(No additional information is required to consider case review or planning.)

[] **REPORT INVOLVING TRADE SECRET**
(Government Code §37606 & Health and Safety Code § 32106)

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility): _____

Estimated date of public disclosure: (Specify month and year): _____

[] **HEARINGS/REPORTS**
(Government Code §37624.3 & Health and Safety Code §§1461, 32155)

Subject matter: (Specify whether testimony/deliberation will concern staff privileges, report of medical audit committee, or report of quality assurance committee):

[] **CHARGE OR COMPLAINT INVOLVING INFORMATION PROTECTED BY FEDERAL LAW** (Government Code §54956.86)

(No additional information is required to discuss a charge or complaint pursuant to Section 54956.86.)

ADJOURN TO OPEN SESSION

**MINUTES OF THE DECEMBER 2021 PERSONNEL, PENSION AND
INVESTMENT COMMITTEE MEETING/COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**TUESDAY, DECEMBER 14, 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 svmh.com/virtualboardmeeting for Access Information)

Please note: Pursuant to SVMHS Board Resolution No. 2021-06, Assembly Bill 361, and guidance from the Monterey County Health Department 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: In person: Glenn Berry, MD, Michelle Childs, Pete Delgado, Regina Gage, Chair, Augustine Lopez. Via teleconference: Richard Turner, Vice Chair (joined at 12:51P)

Committee Members Absent: Tony Redmond

Other Board Members Present, Constituting Committee of the Whole: Juan Cabrera, Joel Hernandez Laguna, Victor Rey, Jr., via teleconference, constituting Committee of the Whole.

Also Present: Scott Cleveland, Alan Edwards, Audrey Parks, Lindsey Parnell and Lisa Paulo by teleconference

Guests: Lockton Investment Advisors, LLC, representatives Steve Kjar, attended in person, and Frank Salb, via teleconference

A quorum was present and the meeting was called to order at 12:03 p.m. by Regina Gage.

**APPROVAL OF MINUTES FROM THE PERSONNEL, PENSION AND INVESTMENT
COMMITTEE MEETING OF NOVEMBER 16, 2021**

Pete Delgado, President/Chief Executive Officer, recommended the Personnel, Pension and Investment Committee approve the minutes of the Personnel, Pension and Investment Committee Meeting of November 16, 2021. This information was included in the Committee packet.

No Public Comment.

MOTION: The Personnel, Pension and Investment Committee approves the minutes of the Personnel, Pension and Investment Committee Meeting of November 16, 2021, as presented. Moved/Seconded/Roll Call Vote: Ayes: Gage, Turner, Delgado, Lopez, Childs, Berry, MD; Noes: None; Abstentions: None; Motion Carried.

**REVIEW INVESTMENT PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2021 OF
SVMHS's 403(B) PLAN, 457 PLAN AND EMPLOYEE PENSION PLAN**

Augustine Lopez, CFO, with Steve Kjar & Frank Salb of Lockton Investment Advisors, LLC, spoke to the presentation. Mr. Kjar announced a joint venture agreement in the process of being finalized a month ago with Creative Planning to expand their business and business partners to become one entity. This provides both an opportunity to offer additional client services. There are no anticipated changes to the current teams, resources or services agreements. Everyone will be transitioning to the new entity.

Lockton Investment representatives review at length the current market conditions and performance of 403b 457 and defined benefit pension plan. It was noted in the committee that Transamerica is responsible for providing guidance regarding plan pricing, offerings, etc. They also offer a third party

entity, "Management Advice", to provide fiduciary advice at a cost to the employee. It was noted that it is the employee's responsibility to attain the education appropriate to their investment(s).

Dr. Berry cautioned attention be paid to rising interest and inflation rates in the near future and SVMH protect our investments. Mr. Lopez reassured Dr. Berry that these concerns are taken very seriously; balanced with all the economic factors the system faces.

The Investment Policy Statement was updated and provided in the packet to the committee as a result of the prior action taken by the committee.

No Public Comment.

FINANCIAL AND STATISTICAL REVIEW

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

The budget was missed last month; however we have rebounded due to the increase in patient volumes. \$2.4M in provider relief funds has been received

Key highlights of the financial summary for November 2021 were: 1) Higher than expected inpatient business, 5% above budget; 2) Total admissions were 13% (110 admits) above budget; 3) Strong outpatient business; 4) ER outpatient visits, above budget by 36%; 5) Inpatient surgeries, on target; 6) Total acute AOS, 10% favorable; 7) Medicare Traditional ALOS CMI adjusted, 4% favorable; 8) Outpatient surgeries, 13% below budget; 9) Deliveries were 6% below budget; and, 10) OP Observation cases were 11% above budget

PUBLIC INPUT

None.

CLOSED SESSION

Regina Gage, Chair, announced that the item to be discussed in Closed Session is *Conference with Labor Negotiator – Concerning National Union of Healthcare Workers, California Nurses Association, Local 39 and ESC Local 20*. The meeting was recessed into Closed Session under the Closed Session protocol at 1:04 p.m.

RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Committee reconvened Open Session at 1:18 p.m. Regina Gage reported that in Closed Session, the Committee discussed: *Conference with Labor Negotiator – Concerning National Union of Healthcare Workers, California Nurses Association, Local 39 and ESC Local 20*. No action was taken in the Closed Session.

ADJOURNMENT

There being no other business, the meeting was adjourned at 1:18 p.m. The January 2022 Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, January 25, 2022, at 12:00 p.m.**

Regina M. Gage, Chair
Personnel, Pension and Investment Committee

Board Paper: Personnel, Pension and Investment Committee

Agenda Item: **Consider Recommendation for Board Approval of (i) the Findings Supporting Recruitment of Ryan Griggs, DO (ii) the Contract Terms for Dr. Griggs' Recruitment Agreement, and (iii) the Contract Terms for Dr. Griggs' Urology Professional Services Agreement**

Executive Sponsor: Allen Radner, MD, Chief Medical Officer
Stacey Callahan, Physician Services Coordinator

Date: January 12, 2022

Executive Summary

In consultation with members of the medical staff, hospital executive management has identified the recruitment of a physician specializing in urology as a recruiting priority for the hospital's service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in October 2019, the specialty of urology is recommended as a priority for recruitment. In 2021, two of the four urologists who covered urology services at SVMH departed leaving a need for additional urologists in the SVMHS service area. Furthermore, Salinas Valley Medical Clinic (SVMC) will be expanding to add urology as a new service line on February 1, 2022.

The recommended physician, Ryan Griggs, DO, received his medical degree at Lincoln Memorial University-DeBusk College of Osteopathic Medicine in 2016. He completed his urology residency at Einstein Healthcare Network in Philadelphia, PA, and will be completing his Men's Health Fellowship at Willis Knighton Health System in Shreveport, LA. A native of the Sacramento area, Dr. Griggs is excited to return to California with his young family and establish roots in our community. Dr. Griggs plans to join SVMC in August.

Background/Situation/Rationale

The proposed physician recruitment requires the execution of two types of agreements:

(1) **Professional Services Agreement**

- Contracted physician of the Salinas Valley Memorial Healthcare System and a member of Salinas Valley Medical Clinic - Urology
- Two year Professional Services Agreement that provides W-2 relationship for IRS reporting
- 1.0 Full-Time Equivalent (FTE)
- Base Compensation: \$400,000 per year
- Productivity Compensation: To the extent it exceeds the base salary, physician is eligible for Work Relative Value Unit (wRVU) productivity compensation: wRVU conversion factor of \$69.22
- Required to cover SVMH ER Urology Call Panel, up to five days of call compensation included in Base Compensation, days in excess of five paid at current call rates for SVMH Medical Staff coverage
- Access to SVMHS Health Plan. Physician premium is projected based on 15% of SVMHS cost
- Access to SVMHS 403(b) and 457 retirement plans, 5% base contribution to 403b plan that vests after three years
 - Based on current federal contribution limits this contribution is capped at \$15,250 annually
- Three weeks off for vacation
- One week off for Continuing Medical Education (CME)
- Annual stipend for CME: \$2000
- The physician will receive an occurrence based professional liability policy through BETA Healthcare Group

(2) **Recruitment Agreement** that provides a sign-on bonus of fifty thousand dollars (\$50,000).

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The recruitment of Dr. Griggs is aligned with our strategic priorities for the growth and finance pillars. We continue to develop the SVMC infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care of delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by opening up access to care regardless of insurance coverage or ability to pay for services.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications:

The addition of Dr. Griggs to SVMC has been identified as a need for recruitment while also providing additional resources and coverage for the SVMC Urology practice.

The compensation proposed in these agreements have been reviewed by independent valuation and compensation consulting firms to confirm that the terms contemplated are fair market value and commercially reasonable.

Recommendation

Administration requests that the Personnel, Pension and Investment Committee recommend to the SVMHS Board of Directors approval of the following:

- (i) **The Findings Supporting Recruitment of Ryan Griggs, DO,**
 - **That the recruitment of a urologist to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and**
 - **That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;**
- (ii) **The Contract Terms of the Recruitment Agreement for Dr. Griggs; and**
- (iii) **The Contract Terms of the Urology Professional Services Agreement for Dr. Griggs.**

Attachments

(1) Curriculum Vitae – Ryan Griggs, DO

Ryan P. Griggs, DO; Board Eligible Urologist

EDUCATION

Aug 2021-Aug 2022

Northern Louisiana Men's Health Fellowship

Endorsed program by the Sexual Medicine Society of North America

Willis Knighton Health System

Shreveport, LA

- Northern Louisiana Men's Health Fellow

July 2016-July 2021

Einstein Healthcare Network

Philadelphia, PA

- Urological Surgery Resident

July 2012 – June 2016

Lincoln Memorial University-DeBusk College of Osteopathic Medicine (LMU-DCOM)

- Doctor of Osteopathic Medicine

October 2003 - December 2007

University of California, Davis

- B.S. Biological Sciences
Concentration: Neurobiology, Physiology, and Behavior

HONORS/AWARDS

July 2021

Scored in top quintile on the part one qualifying AUA Board Exam

June 2016

Dean's Award

- Presented to the member of the graduating class who displays a strong commitment to academic excellence, embodies empathy and compassion toward others, exemplifies personal integrity and professionalism and has earned the respect and trust of classmates and faculty.

PRESENTATIONS

Henry, G.; Labrecque, M.; Marmar, J.; Griggs, R.; Hakky, T. "New Bipolar Radiofrequency Sealing Tool for Transdermal Vasectomy in the Rabbit Model: A Paradigm Shift in Vasectomy Technique." Video Presentation SMSNA Annual Fall Meeting 2021, 10/23/21

Karpman, E, Griggs, R, Henry, G. "Does Irrisept Dipping/Irrigation Adversely Affect the Hydrophilic Coating of Titan Implants?" Short talk SMSNA Annual Fall Meeting 2021, 10/23/21.

Karpman, E, Griggs, R, Henry, G. "Dipping Time for Irrisept Solution on Titan Inflatable Penile Prosthesis Hydrophilic Coating: No Difference from 1-60 minutes." E-Poster SMSNA Annual Fall Meeting 2021, 10/23/21.

Brennan, M., Griggs, R. et al, "Is Modeling Alone Enough for Management of Significant Curvature During Inflatable Penile Prosthesis (IPP) Implantation?" AUA 2018 Annual Meeting, San Francisco, CA, 5/2018

Ghiraldi, E., Griggs, R. et al, "A predictive model to help identify factors associated with submitting 24-hour urine collections." AUA 2018 Annual Meeting, San Francisco, CA 5/2018

PUBLICATIONS

Brennan, M., Griggs, R. et al, "Is Modeling Alone Enough for Management of Significant Curvature During Inflatable Penile Prosthesis (IPP) Implantation?" Journal of Urology Vol. 199, No. 4S, Supplement, May 20, 2018.

Ghiraldi, E., Griggs, R. et al, "A predictive model to help identify factors associated with submitting 24-hour urine collections." Journal of Urology Vol. 199, No. 4S, Supplement, May 20, 2018.

Sunny Smith, MD; Robert Thomas, III, PhD; Michael Cruz, MD; Ryan Griggs, BS; Brittany Moscato, MD; Ashley Ferrara, MD, "Presence and Characteristics of Student-Run Free Clinics in Medical Schools," JAMA Medical Education. 312(22): 2407-2410, December 2014.

LEADERSHIP

January 2014-June 2014

Physicians and Students Serving Appalachia Gaining Education (PASSAGE) Club
Club Cofounder and President

- Co-founding this club served to potentiate our work to open a free medical clinic, which would guarantee my future colleagues additional clinical exposure before their rotations begin after second year. Organization of and leadership over monthly meetings, medical free clinic dates, and fundraisers.

July 2013-July 2014

Servolution Health Services
Board Member

- Attending monthly board meetings as a LMU-DCOM medical student representative, I am currently coordinating a clinical volunteer opportunity for my fellow medical students at the Servolution Health Services free medical clinic.

PROFESSIONAL MEMBERSHIPS

July 2016-present	American College of Surgeons (ACS)
May 2016-present	American College of Osteopathic Surgeons (ACOS)
May 2015-present	American Urological Association (AUA)
July 2012-present	American Osteopathic Association (AOA)

WORK EXPERIENCE

February 2007 - June 2012

Kaiser Permanente Outpatient Pharmacy, San Diego, CA
Pharmacy Assistant

- Medical billing problem solving, selling prescriptions, stocking/ordering OTCs, and member service.

March 2004 - June 2004

Surgical Intensive Care Unit (SICU) Mercy General Hospital, Sacramento, CA

- Undergraduate Internship: Transported patient labs, stocked patient rooms, shadowed nurses and doctors in the SICU.

Quality Improvement Projects

Griggs, R., Higgins, A. "IPP preop powerplan." 8/5/20. Supervising physician: Jay Simhan, MD, FACS

Griggs, R., Higgins, A., Lucas, J. "Discharge teaching and pictorial illustrations of penile bandage therapy in surgery recipients."7/5/2019. Supervising physician: Jay Simhan, MD, FACS

Griggs, R. Community Prostate Cancer free PSA Screenings and discussing the risk/benefit aspects of prostate cancer screening. Beloved St. John Evangelistic Church. 6/9/2018. Supervising Physician: Dr. Serge Ginzburg, MD, FACS

EXTRACURRICULAR ACTIVITIES

May 2013-July 2014	Established student-run free clinic for the medically underserved populations of Harrogate, TN at Servolution Health Services, "LMU-DCOM Student Clinic Nights."
January 2014-June 2014	Physicians and Students Serving Appalachia Gaining Education (PASSAGE) Club: Cofounder and President
January 2013 - present	Student Osteopathic Medical Association (SOMA)
August 2012 - present	Student National Medical Association (SNMA)
October 2010 - present	Society of Student-Run Free Clinics (SSRFC)
August 2000 - present	Sigma Chi Fraternity

INTERESTS/HOBBIES

Work-life balance is critical within a physician's life and participating in outdoor water sports are invigorating and challenging. I particularly love wakeboarding and surfing. When I am not in the water, I thoroughly enjoy spending time with my wife and daughter walking on the beach or just relaxing in the backyard with our dog.

While spending time in our reconstructive urologist's clinic during residency, I witnessed how paramount sexual health is to both a couple's and individual man's happiness. So much so, that often our patient's partners accompany them to the visit and/or initiate the visit themselves. Additionally, I have further grown to realize how socially inhibitory and embarrassing urinary incontinence can be for men. Some immensely fear leaving their homes without the security of urinary pads and ultimately this has a profound effect on their quality of life.

Consequently, I am interested in practicing men's health within a collegial environment of other urologists who practice general and/or urologic oncology. My training as a sexual medicine fellow will add expertise in the management of complex erectile dysfunction and refractory male stress urinary incontinence. Ultimately, my goal is it to become a tertiary care referral provider within this subspecialized field.

Board Paper: Personnel, Pension and Investment Committee

Agenda Item: **Consider Recommendation for Board Approval of (i) the Findings Supporting Recruitment of Alison Tammany, MD (ii) the Contract Terms for Dr. Tammany's Recruitment Agreement, and (iii) the Contract Terms for Dr. Tammany's General Surgery & Colorectal Surgery Professional Services Agreement**

Executive Sponsor: Allen Radner, MD, Chief Medical Officer
Stacey Callahan, Physician Services Coordinator

Date: January 12, 2022

Executive Summary

In consultation with members of the medical staff, hospital executive management has identified the recruitment of a general surgeon as a recruiting priority for the hospital's service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in October 2019, the specialty of general surgery is recommended as a priority for recruitment. In 2020, the retirement of a long-tenured general surgeon emphasized the need to recruit in order to increase overall patient access and provide coverage for general surgery emergency call at SVMH. Furthermore, there are a lack of surgeons in our district who subspecialize in colorectal surgery.

The recommended physician, Alison Tammany, MD, received her Doctor of Medicine degree at the Medical College of Georgia in 2015. She then completed her internal medicine residency at the University of Alabama at Birmingham and her general surgery residency at Orlando Health. She will be graduating from her Colorectal Fellowship at Ohio Health-Grant Medical Center in August and plans to join Salinas Valley Medical Clinic (SVMC) in September. Dr. Tammany is a native of Northern California and speaks Spanish.

Background/Situation/Rationale

The proposed physician recruitment requires the execution of two types of agreements:

(1) Professional Services Agreement

- Contracted physician of the Salinas Valley Memorial Healthcare System and a member of Salinas Valley Medical Clinic - General, Thoracic & Vascular Surgery
- Two year Professional Services Agreement that provides W-2 relationship for IRS reporting
- 1.0 Full-Time Equivalent (FTE)
- Base Compensation: \$375,000 per year
- Productivity Compensation: To the extent it exceeds the base salary, physician is eligible for Work Relative Value Unit (wRVU) productivity compensation: wRVU conversion factor of \$71.33
- Required to cover SVMH ER General Surgery Call Panel, up to eight days of call compensation included in Base Compensation, days in excess of eight paid at current call rates for SVMH Medical Staff coverage
- Access to SVMHS Health Plan. Physician premium is projected based on 15% of SVMHS cost
- Access to SVMHS 403(b) and 457 retirement plans, 5% base contribution to 403b plan that vests after three years
 - Based on current federal contribution limits this contribution is capped at \$15,250 annually
- Three weeks off for vacation
- One week off for Continuing Medical Education (CME)
- Annual stipend for CME: \$2000
- The physician will receive an occurrence based professional liability policy through BETA Healthcare Group

(2) **Recruitment Agreement** that provides a sign-on bonus of forty thousand dollars (\$40,000).

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The recruitment of Dr. Tammany is aligned with our strategic priorities for the growth and finance pillars. We continue to develop the SVMC infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care of delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by opening up access to care regardless of insurance coverage or ability to pay for services.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications:

The addition of Dr. Tammany to SVMC has been identified as a need for recruitment while also providing additional resources and coverage for the SVMC General, Thoracic & Vascular Surgery practice.

The compensation proposed in these agreements have been reviewed by independent valuation and compensation consulting firms to confirm that the terms contemplated are fair market value and commercially reasonable.

Recommendation

Administration requests that the Personnel, Pension and Investment Committee recommend to the SVMHS Board of Directors approval of the following:

- (i) **The Findings Supporting Recruitment of Alison Tammany, MD,**
 - **That the recruitment of a colorectal surgeon to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and**
 - **That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;**
- (ii) **The Contract Terms of the Recruitment Agreement for Dr. Tammany; and**
- (iii) **The Contract Terms of the General Surgery & Colorectal Surgery Professional Services Agreement for Dr. Tammany.**

Attachments

(1) Curriculum Vitae – Alison Tammany, MD



Alison Tammany, MD

Education

- **Medical College of Georgia** Augusta, GA
Graduation: May 2015- Medical Doctorate
Step 1 Score: 229; Step 2 225; GPA 3.32
- **Emory College** Atlanta, GA
Graduation: Spring 2011 (GPA 3.76)
Bachelor of Science in Environmental Studies; Magna cum Laude
- **Oxford College of Emory University** Oxford, GA
Graduation: Spring 2009-AA Degree (GPA 3.89)
- **Montgomery High School** Class of 2007 Santa Rosa, CA

Residency/Fellowship Experience

- **UAB Montgomery Campus-Internal Medicine: 2015-2016**
 - PGY1: Satisfactorily completed June 30th, 2016
- **Orlando Health-General Surgery Residency: 2016-2021**
 - PGY1-PGY5 Successfully completed June 30th, 2021
 - Absite scores: PGY1-69th percentile, PGY2-74th percentile, PGY3-84th percentile, PGY4-91st percentile, PGY5-74th percentile
 - Step 3 score: 230; Passed ABS Qualifying Exam 75th percentile; pending Certifying Exam 10/11/21
- **Ohio Health-Grant Medical Center Colorectal Fellowship 2021-2022**
 - Current Fellow under Dr. Bruce Kerner, Chairman of Surgery at GMC

Research Experience + Scholarly Projects

- Ohio Health: 2021: Hemorrhoidectomy and Opioid Use-IRB approved, pending data collection
- Orlando Health: 2018-current: Risk Factors Associated with Postoperative Complications in the Treatment of Rectal Neoplasia by Transanal Endoscopic Microsurgery, primary author/sub-investigator; manuscript pending submission; E-poster for ASCRS 2020
- Orlando Health: 2020- IRB approval: Patient Long-Term Satisfaction and Incontinence After Use of Cutting Seton for Complex Anorectal Fistulas: Single Surgeon Experience Over 30 Years; primary author/sub-investigator, data collection stage
- Orlando Health: 2018-current: Subjective and Objective Outcomes of Vascularized Lymph Node Transfer for Secondary Lower Extremity Lymphedema, sub-investigator, abstract accepted for Plastic Surgery the Meeting Oct 2020, manuscript draft pending

- Orlando Health: 2019-current: Case Report: A Rare Cause of Cecal Volvulus After Duodenal Switch for Morbid Obesity; co-author, manuscript written and pending submission
- Orlando Health: EBM Guidelines: Alcohol Withdrawal and Delirium Guidelines surgicalcriticalcare.net
- Emory University: Honor's thesis topic "Intra- versus Inter-colony Competition in Bumble Bee Foraging Specificity" (Aug. 2010-April 2011)

Presentations

- ASCRS E-Poster Presentation for 2020 (conference cancelled in Boston, MA); uploaded online for TEM paper with audio file
- Grand Rounds Orlando Health, Department of General Surgery: March 2020 "Benign Anorectal Disease"
- Grand Rounds Orlando Health, Department of General Surgery: November 2020 "Medical Errors in a Surgeon's World"
- Basic Science Presentation Orlando Health, Department of General Surgery: March 2020 "Spleen Anatomy and Physiology"
- Basic Science Presentation Orlando Health, Department of General Surgery: July 2020 "Thyroid Anatomy and Physiology; Benign Pathology"
- Basic Science Presentation Orlando Health, Department of General Surgery: March 2021 "Mediastinal Disease"

Awards Received + Programs

- Academic Achievement Award 2019-2020 ORMC General Surgery Residency
- Academic Achievement Award 2018-2019 ORMC General Surgery Residency
- Orlando Health Management Committee
- Magna Cum Laude at Emory University for environmental science thesis project
- SIRE-Lester Research Grant recipient/symposium presenter at Emory University
- Dean's Honor List at Oxford College 2007-2009
- Alpha Epsilon Upsilon Honor Society Emory University
- Member of NJCAA Soccer Academic Team-of-the-Year ranked 6th in Nation 2008

Work Experience

- **Hospitality Server** April 2015-current
Augusta National Golf Course Augusta, GA
 - Server for IBM executive cabin and for Green Jacket members
- **Server** June 2009-Sept. 2012
Cakes and Ale Restaurant Decatur, GA
 - Greeted guests, reviewed the menu/wine/cocktails, took orders, assisted bartenders and other servers, cleared and reset tables, expedited food to tables

- **Zebra Fish Curator** Sept. 2009-May 2011
Emory University Dept. of Biology Atlanta, GA
 - Performed crosses of zebra fish, used microscopes to investigate diseases, mixed dietary supplements, fed fish, and monitored and controlled water composition
- **Resident Assistant** Aug. 2008-May 2009
Oxford College RES Life Oxford, GA
 - Fostered community among residents, created educational bulletin boards, programmed hall activities, maintained safety of students
- **Field Botany Teaching Assistant** Jan. 2009-May 2009
Oxford College Biology Dept. Oxford, GA
 - Assisted students with plant identification using a dichotomous key

Volunteer Experience

- Arnold Palmer Invitational Volunteer Physician 2019, 2020
- Habitat for Humanity (2019-2021) Orlando/Apopka
 - Assisted in constructing homes for low-income families
- Richmond Academy (Aug 2012-Dec 2012), Augusta, GA
 - Mentored high school students who desired to pursue medical careers
- Helping Hands, GRU (Aug 2011-May 2012), Augusta, GA
 - Interviewed homeless patients at shelters for psychiatric screening
- GRU Clinic Volunteer: Women/Free clinic (Sept 2011-May 2012) Augusta, GA
 - Evaluated patients in clinic, performed physical exams and pap smears

Extracurricular Activities

- Wellness Committee at Orlando Health for Surgical Residency 2020-2021
- Pain Management Committee at Orlando Health 2018-2021
- Red Cross Disaster Action Team (DAT) member of Atlanta, 2008-2011
- Student Admissions Association-Campus Tour Guide- Emory, 2007-2009
- Emory Intercollegiate Women's Soccer-August 2007-May 2009—Academic All-American

Languages

- English: Native language
- Advanced in Spanish

Interests & Hobbies

- Mountain biking, reading, hiking, camping, cooking, playing soccer, skiing, golfing, and traveling/backpacking

Board Paper: Personnel, Pension and Investment Committee

Agenda Item: **Consider Recommendation for Board Approval of Findings Supporting Recruitment of Physicians to Community Medical Groups and Practices and Approval of Recruitment Incentives**

Executive Sponsor: Allen Radner, MD, Chief Medical Officer
 Stacey Callahan, Physician Services Coordinator

Date: January 14, 2022

Executive Summary

In consultation with members of the SVMH medical staff, and in compliance with requirements of Stark Law, SVMHS executive management has identified the recruitment of physicians in certain medical specialties as a recruiting priority for the hospital's service area.

The Medical Staff Development Plan, completed by ECG Management Consultants in October 2019, identified the specialties of Family Medicine, Gastroenterology, and Plastic Surgery as recommended priorities for recruitment. Recruitment for hospital-based specialties of Anesthesia and Emergency Medicine are evaluated based on the needs of the hospital to ensure appropriate levels of coverage to meet patient care needs. Service line volumes and program coverage needs are the primary drivers of recruitment to these specialties.

To support physician recruitment to the District's service area, SVMHS collaborates with local medical groups and practices in the recruiting process through contributions to the costs of recruiting firms and associated recruitment expenses, and contributions to incentives paid to physicians that relocate to our community.

The following medical groups and practices have requested support from SVMHS:

Specialty	Group/Practice	FTE(s)
Anesthesia	Cypress Coast Anesthesia Medical Group	2
Emergency Medicine	Salinas Valley Emergency Medical Group	1
Family Medicine	Acacia Family Medical Group	1
Gastroenterology	Monterey Bay GI Associates Medical Group	1
Plastic Surgery	Salinas Valley Plastic Surgery Associates	1
Total FTEs		6

Financial support for each of these recruitments includes approximately \$35,000 in recruitment fees and/or between \$7,500 and \$40,000 in incentive payments to physicians that are structured as two-year forgivable loans. The financial request for recruitment of the above 6 FTEs is a total amount not to exceed \$140,000 in recruiting firm fees and \$177,500 in incentive payments to physicians for a total of \$317,500 that will be expended over the course of the next year as our recruitment team works to fill these vacancies.

The recruitment fees and incentive compensation were originally budgeted at \$169,000 as part of our annual budget for physician recruitment. However, several unanticipated requests for community recruitment support and a more challenging recruitment environment requires a change to our support levels. In November 2021, the SVMHS Board of Directors approved \$720,000 for such requests received by SVMHS. Since then, SVMHS received the requests presented in this memo to provide financial recruitment support to the community groups and practices noted.

Required Documents

The proposed physician recruitments will require the execution of a Physician Recruitment Agreement among SVMHS, the Medical Group or Practice, and the Physician. A template of the Physician Recruitment Agreement is attached for your review.

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The recruitment of certain specialty physicians is aligned with our strategic priority for growth. We continue to support the local community physicians and private practice offices that provide care to our patients both in the hospital and the clinics. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by increasing access to necessary care.

Pillar/Goal Alignment:

Service People Quality Finance X Growth Community

Financial/Quality/Safety/Regulatory Implications:

The addition of physicians from these specialties to the community has been identified as a need for recruitment and demonstrates the support from Salinas Valley Memorial Healthcare System to community practices. The recruitment incentive proposed for the recruitments is within fair market value and is commercially reasonable.

Recommendation

Administration requests that the Personnel, Pension and Investment Committee recommend to the SVMHS Board of Directors to take the following actions:

- (i) **The Board makes the following findings supporting the recruitment of the physicians in the specialties of anesthesia, emergency medicine, family medicine, gastroenterology, and plastic surgery:**
 - **The assistance by SVMHS in the recruitment of physicians in the specialties of anesthesia, emergency medicine, family medicine, gastroenterology, and plastic surgery by community medical groups and practices is in the best interest of the public health of the communities served by the District; and**
 - **The recruitment incentives requested by the community medical groups and practices and supported by SVMHS for these recruitments are necessary in order to attract and relocate appropriately qualified physicians to practice in the communities served by the District.**
- (ii) **Approve the recruitment support to community medical groups and practices and the recruitment incentives for the medical specialties of anesthesia, emergency medicine, family medicine, gastroenterology, and plastic surgery to be set forth in Recruitment Agreements among SVMHS, the community medical groups and practices, and the physicians.**

Attachments:

- SVMHS Physician Recruitment Agreement

**SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM
PHYSICIAN RECRUITMENT AGREEMENT**

(<Physician Name> and <Medical Group Name>)

This Physician Recruitment Agreement (“Agreement”) is made effective on *<Effective Date>* (“Effective Date”), by and among **Salinas Valley Memorial Healthcare System**, a local health care district organized and operating pursuant to Division 23 of the California Health & Safety Code (“SVMHS”), *<Physician Name>*, a physician specializing in *<Specialty>* (“Physician”), and *<Medical Group Name>*, a California professional medical corporation (“Group”). SVMHS, Physician, and Group are referred to as the “Parties” and individually as a “Party.”

RECITALS

- A. SVMHS owns and operates Salinas Valley Memorial Hospital, a general acute care hospital located at 450 East Romie Lane, Salinas, California (“Hospital”). SVMHS provides health care services to residents of the district and surrounding communities (“Service Area”). Group is a California professional medical corporation providing medical services in the Service Area. Physician intends to practice her specialty with Group in the Service Area.
- B. SVMHS has determined that there is a shortage of, and a need for, a physician specializing in *<Specialty>* medicine in the Service Area. The shortage of such a physician jeopardizes SVMHS’ ability to provide such health care services to residents of the Service Area. SVMHS also has determined that such shortage is not likely to resolve itself through market forces, but that financial support will have to be offered if the appropriate physician is to relocate to the Service Area.
- C. To facilitate its goal of providing medical services in the Service Area, SVMHS has determined that it must provide certain incentives in order to enable a physician specializing in *<Specialty>* medicine to join a practice in the Service Area. SVMHS has determined that the incentives set forth in this Agreement meet a community need and promote SVMHS’ mission and goal of providing health care services to all residents in the Service Area who need such care.
- D. Physician is duly licensed to practice medicine in the State of California and is qualified to provide medical services in Physician’s specialty (“Professional Services”). Physician is prepared to join Group in order to practice in the Service Area and to provide Professional Services, in return for the financial assistance provided in this Agreement.
- E. SVMHS has determined that the financial assistance required by Physician to relocate is justified by the benefit to patients in the Service Area. Accordingly, SVMHS is prepared to offer a financial assistance to Physician under the terms and conditions set forth in this Agreement. Physician hereby acknowledges and agrees that the financial assistance provided by SVMHS under this Agreement is reasonable and not in excess of fair market value, which is not determined in a manner that takes into account the volume or value of any actual or anticipated referrals by Physician or Group to Hospital. Physician and SVMHS shall enter into an unsecured Promissory Note, attached as Exhibit A to this Agreement, for any payments made under this Agreement.
- F. SVMHS, Physician and Group wish to enter into this Agreement in order to set forth a full statement of the terms of this recruiting arrangement, which all Parties acknowledge is necessary in order to allow Physician to relocate to the Service Area and to provide Professional Services to its residents.

The Parties agree as follows:

Article 1 Duties of Physician and Group

- 1.1 Full-Time Practice. Physician shall conduct a full-time practice with Group in Physician’s specialty within the Service Area as determined by Hospital, with Group’s office being open during normal business hours on normal working days. Physician shall commence Physician’s practice with Group in accordance with this Agreement on or about *<Start Date>* (“**Start Date**”). Physician shall comply with the requirements of this Agreement in order for Physician to begin practicing on the Start Date.

- 1.2 Services to Patients, Billing and Collection. Physician shall provide services under this Agreement to private pay patients and to Medicare patients at a level which is at least consistent with the custom and practice in the community. Group shall be responsible for billing and collecting for Physician's Professional Services on a timely, consistent, accurate and commercially reasonable basis.
- 1.3 Employment by Group. Physician has selected Group with whom Physician intends to be employed in the practice of Physician's specialty. Physician has agreed to this employment voluntarily and without inducement or influence of SVMHS. Physician shall use reasonable, good-faith efforts to maintain this employment during the term of the Agreement. The termination of Physician's employment shall not in any way affect Physician's, Group's, or SVMHS' obligations under this Agreement.
- 1.4 Duties of Group. Group shall use best effort to provide Physician with a stable, productive work environment and shall take steps reasonably necessary to promote the growth of Physician's practice.

Article 2 Standards

- 2.1 Licensure and Board Certification. Physician shall maintain California licensure in good standing during the term of this Agreement. Physician shall be board certified or board eligible in <Specialty> medicine during the term of this Agreement.
- 2.2 Medical Staff Standing and Hospital Regulations. Physician shall be responsible for obtaining and maintaining active status and membership on Hospital's Medical Staff with appropriate privileges and shall be subject to all of the responsibilities of that membership. In the event that Physician loses active Medical Staff membership or privileges, this Agreement shall terminate immediately. Physician shall comply with all applicable bylaws, rules and regulations, and policies of the Hospital and the Hospital's Medical Staff.
- 2.3 Corporate Compliance Program. Group and Physician shall support and comply with Hospital's Corporate Compliance Program, as applicable to this Agreement. Group and Physician shall comply with all policies and procedures adopted by Hospital in support of the Corporate Compliance Program.

Article 3 Term & Termination

- 3.1 Term. The term of this Agreement shall commence on the Effective Date of this Agreement and continue until the later of two (2) years from the Start Date of this Agreement, or until all sums are repaid or forgiven under the terms of this Agreement.
- 3.2 Prohibition on New Agreement. If terminated within less than twelve (12) months, the Parties shall refrain from entering into another contract with each other covering the same subject matter for at least twelve (12) months from the Effective Date of this Agreement.
- 3.3 Immediate Termination by SVMHS. SVMHS may terminate this Agreement immediately upon the occurrence of any of the following events: (i) Loss or suspension of Physician's license to practice medicine, Physician's conviction of a felony or any crime involving moral turpitude, or Physician's failure to maintain Physician's status as a member of the Hospital Medical Staff with appropriate privileges; or (ii) Physician's appointment of a receiver for Physician's assets, assignment for the benefit of Physician's creditors, or any relief taken or suffered by Physician under any bankruptcy or insolvency act.
- 3.4 Termination Due to Total Disability. Either Party shall have the right to terminate this Agreement in the event of total disability of Physician. Physician shall be deemed to suffer a "total disability" if Physician becomes physically or mentally incapacitated for more than three (3) months as shown by inability to perform all or substantially all of the material obligations of this Agreement, and which disability is likely, in the opinion of a physician mutually designated by Physician and SVMHS, to persist for six (6) months following the date of determination of said physician.
- 3.5 Termination Not Subject to Fair Hearing. It is agreed between the parties that should this Agreement be terminated for any reason, such decision to terminate and actual termination shall apply to rights under this Agreement only and not to Physician's medical staff privileges or membership of the Medical Staff of Hospital. The termination of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, any hearing procedures provided by Local Health Care District Law, or any other Fair Hearing procedures regarding medical staff appointments or privileges.

- 3.6 Effect of Termination. Following expiration or termination of the Agreement for any reason, the Parties shall cooperate in the resulting transition in a manner that serves the best interests of the patients of SVMHS. Termination of this Agreement shall have no effect on Physician's Medical Staff membership or clinical privileges at the Hospital, which will continue unless terminated in accordance with the Hospital's Medical Staff Bylaws. Termination of this Agreement shall not affect the obligation of Physician to repay money as otherwise provided in this Agreement.

Article 4 Recruitment Incentive

- 4.1 Recruitment Incentive. As part of the consideration for Physician entering into and complying with the terms and conditions of this Agreement and provided that Physician commences practice in the Service Area consistent with the terms of this Agreement by the Start Date, SVMHS shall pay to Physician a recruitment incentive in the amount of *<Incentive Amount>* Dollars (\$____,000.00) on or about the Effective Date of this Agreement. Physician agrees that (i) this amount is reasonable and necessary to secure Physician's relocation and Physician's services under this Agreement, (ii) this amount is not in excess of fair market value, and (iii) this amount is not made in consideration for the referral of patients by Physician or Group to SVMHS or its affiliates.
- 4.2 Repayment. If either Party terminates this Agreement prior to the expiration of two (2) years from the Start Date, Physician shall be obligated to repay to SVMHS a pro-rated amount of the payment advanced by SVMHS to Physician pursuant to Section 4.1 of this Agreement, plus interest at an annual rate equal to the most recent prime rate published in the Wall Street Journal (or any successor publication) from time to time ("Prime Rate"), plus one percent (1.0%), payable monthly.

For example, if this Agreement is terminated after ten (10) months, Physician shall repay to SVMHS 14/24ths of the recruitment incentive, plus ten (10) months of accrued interest at an annual rate equal to the Prime Rate, plus one percent (1.0%), payable monthly. Such repayment shall be made within ninety (90) days of the event triggering Physician's repayment obligation. If Physician fails to make such repayment to SVMHS within this ninety (90) day period, SVMHS shall have the right to increase the interest rate on the amount owed to SVMHS to the Prime Rate plus two percent (2%), beginning on the ninety-first day.

- 4.3 Promissory Note. At the time of payment to Physician of any amounts under this Agreement, Physician shall execute a Promissory Note substantially in the form attached to this Agreement as Exhibit A to secure repayment of any amounts paid to Physician under this Agreement which are not forgiven by SVMHS pursuant to the terms of this Agreement.
- 4.4 Debt Forgiveness Over Term of Agreement. If Physician has complied and is continuing to comply with all of the terms of this Agreement, SVMHS shall reduce and eliminate the debt due to SVMHS as follows: SVMHS shall forgive fifty percent (50%) of the recruitment incentive, including accrued interest, for each full year of physician services provided by Physician after the Start Date, such that the recruitment incentive will be forgiven upon the second (2nd) anniversary of this Agreement.
- 4.5 Debt Forgiveness at Death/Disability. SVMHS shall forgive all sums advanced by SVMHS under this Agreement and accrued interest, in the event of Physician's death or permanent disability during the Term of this Agreement.

Article 5 General Provisions

- 5.1 Other Agreements. This Agreement may be one of several between SVMHS and Physician, dealing with different aspects of their relationship. SVMHS maintains a current master list of all such agreements, together with copies of the actual agreements, that is available for review by the Department of Health and Human Services in accordance with Stark Law regulations.
- 5.2 Referrals. Physician shall be entitled to refer patients to any hospital or other institution Physician deems qualified to deliver health care services to a particular patient. Nothing in this Agreement shall be deemed to require Physician to refer patients to Hospital, and SVMHS may not terminate this Agreement because of Physician's referral decisions. No payment or other consideration is or will be made under this Agreement for the referral of patients to SVMHS or its affiliates.

- 5.3 Medical Staff Privileges. Throughout the term of this Agreement, and thereafter, Physician shall be permitted to maintain medical staff privileges at other area hospitals.
- 5.4 Waiver. The failure of SVMHS to insist in any one or more instances upon strict performance of any of the terms of this Agreement shall not be construed as a waiver or relinquishment for the future of such terms, but the same shall continue and remain in full force and effect.
- 5.5 Governing Law/Venue. This Agreement shall be interpreted in accordance with the laws of the State of California, and any questions arising under it shall be construed or determined in accordance with such laws. Venue shall be in Monterey County, California.
- 5.6 Attorneys' Fees. In the event that suit is brought regarding the enforcement of the provisions of this Agreement, the prevailing Party/Parties shall be awarded its costs of suit and reasonable attorneys' fees as part of any judgment rendered.
- 5.7 Partial Invalidity. Should any part of this Agreement for any reason be declared invalid, such decision shall not affect the validity of the remaining portions which shall remain in effect as if this Agreement had been executed with the invalid portion eliminated.
- 5.8 Entire Agreement/Modifications. This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter and supersedes any and all prior negotiations, understandings and agreements. All modifications to this Agreement must be in writing and signed by the Parties.
- 5.9 Government Audit. Until the expiration of five (5) years after the furnishing of any services pursuant to this Agreement, Group and Physician shall make available to the Secretary of the United States Department of Health and Human Services or to the United States Comptroller General, or to any of their duly authorized representatives, upon written request of the same, this Agreement and such books, documents, and records of Group or Physician necessary to certify the nature and the reasonable cost of services of the Hospital.
- 5.10 Agreements between Physician and Group. Upon request by SVMHS, Group agrees to supply SVMHS with copies of its employment agreement with Physician. Nothing in Group's agreements with Physician shall be inconsistent with Physician's obligation to perform the terms and conditions of this Agreement. Group agrees that payments by SVMHS under this Agreement shall be for the benefit of Physician. Nothing in Group's agreements with Physician shall be inconsistent with the requirements Stark Law.
- 5.11 Income Tax Ramifications. The Parties acknowledge that Physician may incur federal and state income tax obligations from certain of the transactions provided for in this Agreement that SVMHS is required to report items of income under relevant income tax laws and regulations, and that forgiveness of debt may constitute income to Physician. It is Physician's responsibility to consult with tax advisors with respect to the filing of income tax returns and the tax treatment of items provided for in this Agreement.
- 5.12 Assignment. Except as otherwise agreed in writing by the SVMHS, nothing contained in this Agreement shall be construed to permit assignment or delegation by Physician of any rights or obligations under this Agreement, and any such assignment or delegation is expressly prohibited. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of SVMHS.
- 5.13 Conditions and Effective Date. This Agreement is subject to approval by the Board of Directors of SVMHS, which approval has not been secured and is not guaranteed. This Agreement shall be effective as of the later of the date the Board approves the Agreement and the date it is signed by all Parties.
- 5.14 Notices. All communications and notices of any kind which any Party may be required or desire to give or serve upon any other Party under this Agreement shall be made in writing and shall be delivered in person or sent by registered or certified mail, return receipt requested, to the addresses below. Any Party may change its address by giving any other Parties written notice of its new address as provided in this Agreement.

SVMHS: Salinas Valley Memorial Healthcare System
Attn: President/Chief Executive Officer
450 East Romie Lane
Salinas, CA 93901

Physician: <Physician Name>
<Address>
<Address>
<Address>

Group: <Medical Group Name>
<Address>
<Address>
<Address>

5.15 Applicable Legal Standards. The Parties shall exercise their rights and perform their duties under this Agreement in accordance with the legal standards set forth in the United States Code, the Code of Federal Regulations, the California Health and Safety Code, the California Business and Professions Code, and any other pertinent and applicable laws, rules, regulations, and orders of the United States and the State of California and their agencies, to the extent that such laws, rules, regulations, and orders pertain to the powers, functions, and duties of SVMHS, Group, and Physician.

5.16 Confidentiality. The Parties agree that this Agreement is personal and confidential between them, and agree, unless otherwise required by law, not to release information concerning this Agreement, or any information exchanged between the Parties pursuant to this Agreement, to any person without the consent of the other Party, which consent shall not be unreasonably denied.

The Parties have executed this Agreement as of the Effective Date first set forth above.

SVMHS
Salinas Valley Memorial Healthcare System

By: _____
Pete Delgado, President/CEO

Date: _____

PHYSICIAN
<Physician Name>

<Physician Name>

Date: _____

GROUP
<Group Name>

By: _____
<Group Authorized Officer>

Date: _____

EXHIBIT A

PROMISSORY NOTE
(Recruitment Incentives)

\$<Incentive Amount>.00

<Effective Date>

FOR VALUE RECEIVED, the receipt of which is hereby acknowledged, <Physician Name> (“Maker”) hereby promises to pay to the order of **Salinas Valley Memorial Healthcare System** (“Holder”), at the place designated by Holder, the principal sum of <Incentive Amount> Dollars (\$ __,000.00), plus accrued interest on such amount calculated at an annual fixed rate equal to the prime rate published on the effective date of this Promissory Note in the Wall Street Journal (“Prime Rate”), plus one percent (1%), from the date of this Promissory Note, payable in lawful money of the United States of America. Principal and interest shall be immediately due and payable to Holder on <Date 2 years from Start Date>. Notwithstanding the foregoing, if Maker is and remains in full compliance with the **PHYSICIAN RECRUITMENT AGREEMENT** effective <Effective Date>, by and between Maker and Holder (“Recruitment Agreement”), the principal and interest due under this Promissory Note shall be forgiven pursuant to the terms and conditions of the Recruitment Agreement.

This Promissory Note is unsecured. In no event shall any payment of interest or any other sum payable hereunder exceed the maximum amount permitted by applicable law. If it is established that any payment exceeding lawful limits has been received, Holder will refund such excess or, at its option, credit the excess amount to the principal due hereunder, but such payments shall not affect the obligation to make periodic payments required herein.

Maker agrees to pay, to the extent permitted by law, all costs and expenses incurred by Holder in connection with the collection and enforcement of this Promissory Note, including, but not limited to, expenses and reasonable attorneys’ fees to the extent permitted by applicable law, irrespective of whether any suit or security foreclosure or court proceeding has been commenced. Maker and all endorsers and all persons liable or to become liable on this Promissory Note, and each of them, hereby waive diligence, demands, presentation for payment, notice of nonpayment, protest and notice of protest, and specifically consent to and waive notice of any renewals or extensions of this Promissory Note, or any modification or release of security for this Promissory Note, whether made to or in favor of Maker or any other person or persons, and further agree that any such action by Holder shall not affect the liability of Maker or any person liable or to become liable on this Promissory Note.

No delay or omission by Holder in exercising any remedy, right or option under this Promissory Note shall operate as a waiver of such remedy, right or option. In any event, a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The invalidity of any one or more covenants, phrases, clauses, sentences or paragraphs of this Promissory Note shall not affect the remaining portions hereof, and this Promissory Note shall be construed as if such invalid covenants, phrases, clauses, sentences or paragraphs, if any, had not been included herein.

This Promissory Note is to be construed in all respects and enforced according to the laws of the State of California. This Promissory Note may not be amended or modified except by a written agreement duly executed by Maker and Holder. This Promissory Note and the obligations created hereby shall bind Maker and, to the extent applicable, Maker’s respective successors and assigns, and the benefits hereof shall inure to Holder and its successors and assigns. This Promissory Note may be assigned by Holder in its sole discretion.

Any notice to Maker under this Promissory Note shall be in writing and shall be deemed to have been given upon (i) receipt, if hand delivered, (ii) transmission, if delivered by facsimile transmission, (iii) the next business day, if delivered by express overnight delivery service or (iv) the third business day following the day of deposit of such notice in U.S. certified mail, return receipt requested to the following address:

<Physician Name>
<Address>
<Address>
<Address>

Maker has executed and delivered this Promissory Note effective as of the date first set forth above.

MAKER: _____
<Physician Name>

Date: _____

HR METRICS

(VERBAL)

(CHILDS)

Financial Performance Review

December 2021

Augustine Lopez
Chief Financial Officer



Consolidated Financial Summary

For the Month of December 2021

Profit/Loss Statement

\$ in Millions	For the Month of December 2021				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 61.0	\$ 53.1	\$ 7.9	14.9%	
Operating Expense	\$ 51.9	\$ 51.9	\$ -	0.0%	
Income from Operations*	\$ 9.1	\$ 1.2	\$ 7.9	658.3%	
<i>Operating Margin %</i>	14.9%	2.3%	12.6%	547.83%	
Non Operating Income**	\$ -	\$ 1.1	\$ (1.1)	-100.0%	
Net Income	\$ 9.1	\$ 2.3	\$ 6.8	295.7%	
<i>Net Income Margin %</i>	15.0%	4.3%	10.7%	248.8%	

*No Normalizing items in December

Provider Relief Fund - Phase 4

\$6.1M was received, which was recorded as deferred revenue in accordance with guidance from our financial auditors. (To date, \$8.5M has been received in FY22)

**Non-operating income was below budget due to mark-to-market adjustments in investment portfolios

Exceptional Operating Performance:

- Hospital gross revenues were \$12M (6%) over budget
- Strong payor mix – Commercial Insurance was 10% above budget
- The average revenue collection rate was 9% favorable to budget, while cash collections for the month totaled \$48M
- Strong inpatient and outpatient volumes in the month
- Admissions were 124 admits (15%) above budget
- Favorable Labor Productivity; partially offset by a significant increase in contract registry needed for increase in patient volumes and coverage

Consolidated Financial Summary

Year-to-Date December 2021

Profit/Loss Statement

\$ in Millions	FY 2021 YTD December				
	Actual	Budget	Variance fav (unfav)		
			\$VAR	%VAR	
Operating Revenue	\$ 340.1	\$ 316.3	\$ 23.8	7.5%	
Operating Expense	\$ 312.3	\$ 309.4	\$ (2.9)	-0.9%	
Income from Operations*	\$ 27.8	\$ 6.9	\$ 20.9	302.9%	
Operating Margin %	8.2%	2.2%	6.0%	272.7%	
Non Operating Income**	\$ 2.3	\$ 6.5	\$ (4.2)	-64.6%	
Net Income	\$ 30.1	\$ 13.4	\$ 16.7	124.6%	
Net Income Margin %	8.9%	4.3%	4.6%	107.0%	

*** Income from Operations includes:**

\$0.5M AB113 Intergovernmental Transfer Payment (FY 19-20)

**** Non Operating Income includes:**

\$1.1M Doctors on Duty Forgiven Paycheck Protection Program Loan

\$1.6M Total Normalizing Items, Net

Consolidated Financial Summary

Year-to-Date December 2021 - Normalized

Profit/Loss Statement

\$ in Millions	FY 2021 YTD December				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 339.6	\$ 316.3	\$ 23.3	7.4%	
Operating Expense	\$ 312.3	\$ 309.4	\$ (2.9)	-0.9%	
Income from Operations	\$ 27.3	\$ 6.9	\$ 20.4	295.7%	
<i>Operating Margin %</i>	8.0%	2.2%	5.8%	263.6%	
Non Operating Income	\$ 1.2	\$ 6.5	\$ (5.3)	-81.5%	
Net Income	\$ 28.5	\$ 13.4	\$ 15.1	112.7%	
<i>Net Income Margin %</i>	8.5%	4.3%	4.2%	97.7%	

SVMH Financial Highlights December 2021

Gross Revenues were favorable

- **Gross Revenues** were **6% favorable** to budget
- **IP gross revenues** were **7% favorable** to budget
- **ED gross revenues** were **25% above budget**
- **OP gross revenues** were **1% unfavorable to budget** in the following areas:

- Cath Lab
- Surgery
- Radiology
- Other OP Services

- **Commercial: 10% above** budget
- **Medicaid: 1% above** budget
- **Medicare: 7% above** budget

Payor Mix – significantly ***favorable*** to budget

Total Net Patient Revenues were \$52.3M, which was favorable to budget by \$7.0M or 15.4%

Financial Summary – December 2021



1) Higher than expected Inpatient business:

- Average daily census was at 127, 11% above budget of 115

2) Total admissions were 15% (124 admits) above budget

- ER admissions were 13% above budget (82 admits)
- ER admissions (including OB ED) were 85% of total acute admissions

3) ER Outpatient visits were above budget by 24% (695 visits)

4) Deliveries were 4% (6 deliveries) above budget at 150

5) Total Acute ALOS was 4% favorable at 4.0 vs 4.2 days budgeted

6) Lower than expected Outpatient business:

- Predominantly due to lower than expected volumes in surgery and ancillary procedures

7) Outpatient Surgeries were 12% (37 cases) below budget

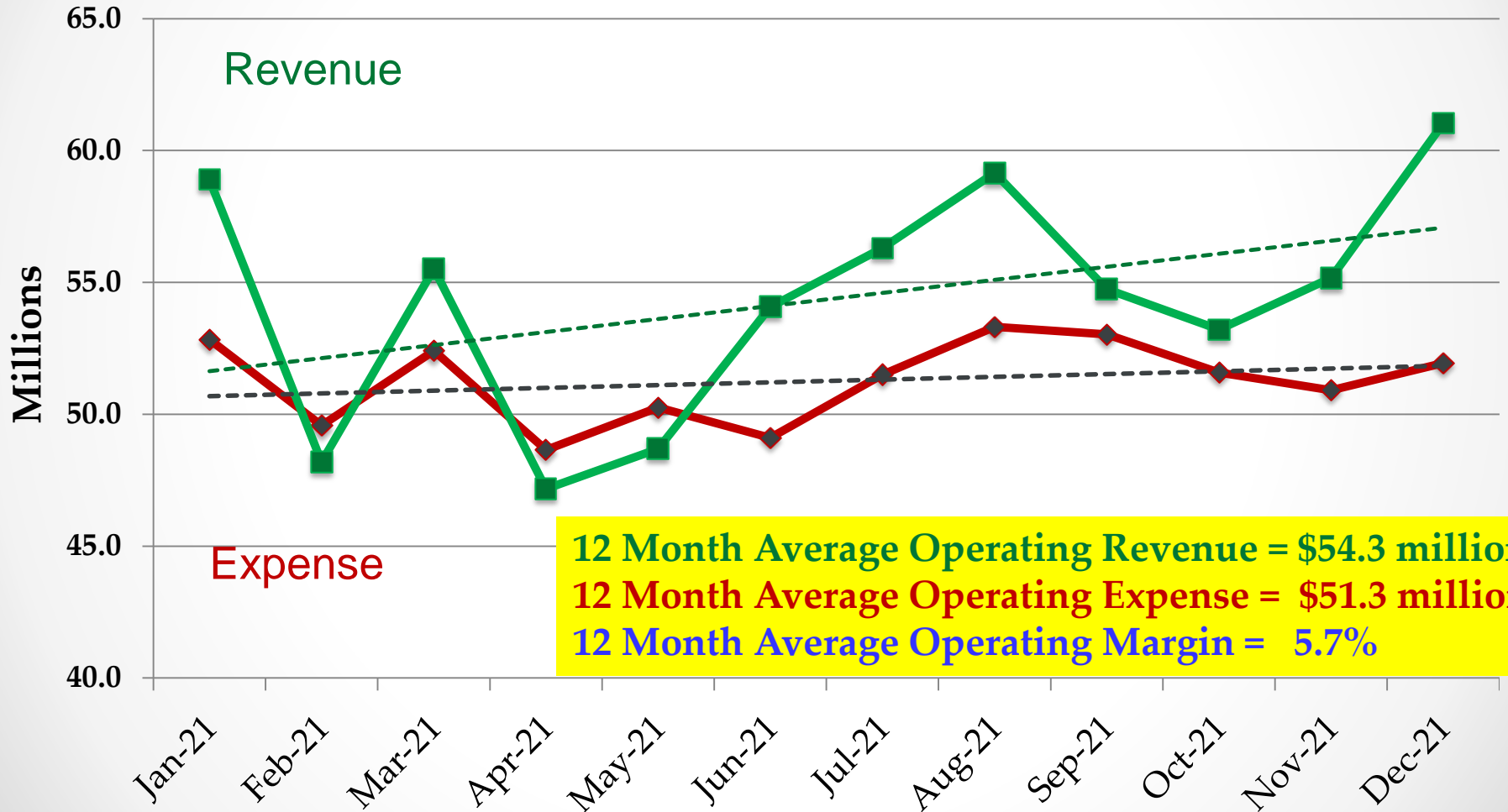
8) Inpatient Surgeries cases were 1% (2 cases) below budget

9) OP Observation cases were 19% (29 cases) above budget at 185

10) Medicare Traditional ALOS CMI adjusted 2% unfavorable at 2.5 days with a Case Mix Index of 1.7

SVMHS Operating Revenues & Expenses (Normalized)

Rolling 12 Months: January 21 to December 21



SVMHS Key Financial Indicators

	YTD	SVMHS		S&P A+ Rated		YTD	
Statistic	Dec-21	Target	+/-	Hospitals	+/-	Dec-20	+/-
Operating Margin*	8.0%	9.0%	Yellow	4.0%	Green	7.6%	Green
Total Margin*	8.5%	10.8%	Red	6.6%	Green	10.6%	Red
EBITDA Margin**	12.0%	13.4%	Red	13.6%	Red	11.7%	Green
Days of Cash*	378	305	Green	249	Green	349	Green
Days of Accounts Payable*	46	45	Green	-		49	Red
Days of Net Accounts Receivable***	52	45	Red	49	Red	53	Green
Supply Expense as % NPR	13.1%	15.0%	Green	-		13.1%	Green
SWB Expense as % NPR	51.0%	53.0%	Green	53.7%	Green	54.0%	Green
Operating Expense per APD*	6,210	4,992	Red	-		6,164	Yellow

*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)

QUESTIONS / COMMENTS

SALINAS VALLEY MEMORIAL HOSPITAL
SUMMARY INCOME STATEMENT
December 31, 2021

	<u>Month of December,</u>		<u>Six months ended December 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 52,276,191	\$ 50,733,224	\$ 287,800,541	\$ 289,669,271
Other operating revenue	959,742	3,117,039	5,755,345	7,941,143
Total operating revenue	<u>53,235,933</u>	<u>53,850,263</u>	<u>293,555,886</u>	<u>297,610,414</u>
Total operating expenses	41,801,475	42,641,710	247,421,790	247,850,797
Total non-operating income	<u>(1,803,582)</u>	<u>(283,076)</u>	<u>(15,561,450)</u>	<u>(15,854,333)</u>
Operating and non-operating income	<u>\$ 9,630,876</u>	<u>\$ 10,925,477</u>	<u>\$ 30,572,646</u>	<u>\$ 33,905,284</u>

SALINAS VALLEY MEMORIAL HOSPITAL
BALANCE SHEETS
December 31, 2021

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 443,772,673	\$ 403,677,505
Assets whose use is limited or restricted by board	148,277,441	137,490,684
Capital assets	240,294,460	259,153,640
Other assets	188,564,269	188,396,260
Deferred pension outflows	<u>50,119,236</u>	<u>83,379,890</u>
	<u>\$ 1,071,028,079</u>	<u>\$ 1,072,097,979</u>
LIABILITIES AND EQUITY:		
Current liabilities	131,959,240	151,264,630
Long term liabilities	14,556,513	14,780,831
	83,585,120	126,340,336
Net assets	<u>840,927,206</u>	<u>779,712,182</u>
	<u>\$ 1,071,028,079</u>	<u>\$ 1,072,097,979</u>

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

	<u>Month of December,</u>		<u>Six months ended December 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,824	1,941	9,816	9,944
Medi-Cal	1,004	1,190	5,924	6,496
Commercial insurance	937	876	4,608	4,671
Other patient	178	178	728	888
Total patient days	<u>3,943</u>	<u>4,185</u>	<u>21,076</u>	<u>21,999</u>
Gross revenue:				
Medicare	\$ 88,047,477	\$ 86,143,339	\$ 533,035,358	\$ 479,331,786
Medi-Cal	54,799,025	54,844,305	335,023,248	320,338,930
Commercial insurance	56,247,848	51,700,489	300,010,518	298,159,420
Other patient	<u>9,580,541</u>	<u>7,468,982</u>	<u>50,525,098</u>	<u>52,511,594</u>
Gross revenue	<u>208,674,891</u>	<u>200,157,115</u>	<u>1,218,594,222</u>	<u>1,150,341,729</u>
Deductions from revenue:				
Administrative adjustment	261,130	444,528	1,788,822	1,780,141
Charity care	689,366	952,180	5,924,293	5,252,560
Contractual adjustments:				
Medicare outpatient	24,625,771	24,343,399	164,189,916	147,602,398
Medicare inpatient	39,866,470	42,303,240	229,874,434	216,528,493
Medi-Cal traditional outpatient	3,240,835	1,966,785	16,407,254	11,708,638
Medi-Cal traditional inpatient	5,368,781	9,127,538	34,236,976	47,290,368
Medi-Cal managed care outpatient	21,183,274	17,092,178	132,509,949	108,463,399
Medi-Cal managed care inpatient	18,725,985	19,188,613	117,976,072	111,977,351
Commercial insurance outpatient	15,954,479	14,173,839	98,578,258	93,636,719
Commercial insurance inpatient	20,400,169	16,563,587	101,631,944	87,884,007
Uncollectible accounts expense	3,857,903	3,391,787	22,574,967	21,603,253
Other payors	<u>2,224,537</u>	<u>(123,785)</u>	<u>5,100,796</u>	<u>6,945,130</u>
Deductions from revenue	<u>156,398,700</u>	<u>149,423,890</u>	<u>930,793,681</u>	<u>860,672,458</u>
Net patient revenue	<u>\$ 52,276,191</u>	<u>\$ 50,733,224</u>	<u>\$ 287,800,541</u>	<u>\$ 289,669,271</u>
Gross billed charges by patient type:				
Inpatient	\$ 115,641,313	\$ 117,649,383	\$ 644,657,353	\$ 629,336,374
Outpatient	67,416,878	61,137,037	411,554,077	396,024,776
Emergency room	<u>25,616,701</u>	<u>21,370,694</u>	<u>162,382,792</u>	<u>124,980,580</u>
Total	<u>\$ 208,674,892</u>	<u>\$ 200,157,115</u>	<u>\$ 1,218,594,222</u>	<u>\$ 1,150,341,729</u>

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

	Month of December,		Six months ended December 31,	
	current year	prior year	current year	prior year
Operating revenue:				
Net patient revenue	\$ 52,276,191	\$ 50,733,224	\$ 287,800,541	\$ 289,669,271
Other operating revenue	959,742	3,117,039	5,755,345	7,941,143
Total operating revenue	<u>53,235,933</u>	<u>53,850,263</u>	<u>293,555,886</u>	<u>297,610,414</u>
Operating expenses:				
Salaries and wages	14,689,345	16,938,694	91,717,781	96,697,730
Compensated absences	2,550,895	2,747,386	16,165,543	16,162,471
Employee benefits	6,112,645	7,229,366	40,568,042	44,272,027
Supplies, food, and linen	6,087,678	6,257,645	37,332,142	37,474,248
Purchased department functions	3,943,521	3,016,032	20,272,318	18,275,972
Medical fees	1,843,045	1,938,088	11,643,054	10,046,048
Other fees	3,287,966	1,539,604	10,405,900	7,237,227
Depreciation	1,829,383	1,803,474	10,967,148	10,676,531
All other expense	1,456,997	1,171,421	8,349,862	7,008,543
Total operating expenses	<u>41,801,475</u>	<u>42,641,710</u>	<u>247,421,790</u>	<u>247,850,797</u>
Income from operations	<u>11,434,458</u>	<u>11,208,553</u>	<u>46,134,096</u>	<u>49,759,617</u>
Non-operating income:				
Donations	188,667	666,667	1,022,000	1,500,000
Property taxes	333,333	333,333	2,000,000	2,000,000
Investment income	(664,768)	880,465	(3,486,855)	2,109,563
Taxes and licenses	0	0	0	0
Income from subsidiaries	(1,660,814)	(2,163,541)	(15,096,595)	(21,463,896)
Total non-operating income	<u>(1,803,582)</u>	<u>(283,076)</u>	<u>(15,561,450)</u>	<u>(15,854,333)</u>
Operating and non-operating income	9,630,876	10,925,477	30,572,646	33,905,284
Net assets to begin	<u>831,296,330</u>	<u>768,786,705</u>	<u>810,354,560</u>	<u>745,806,898</u>
Net assets to end	<u>\$ 840,927,206</u>	<u>\$ 779,712,182</u>	<u>\$ 840,927,206</u>	<u>\$ 779,712,181</u>
Net income excluding non-recurring items	\$ 9,630,876	\$ 9,905,914	\$ 30,090,868	\$ 32,286,175
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>0</u>	<u>1,019,563</u>	<u>481,778</u>	<u>1,619,109</u>
Operating and non-operating income	<u>\$ 9,630,876</u>	<u>\$ 10,925,477</u>	<u>\$ 30,572,646</u>	<u>\$ 33,905,284</u>

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

	Month of December,		Six months ended December 31,	
	current year	prior year	current year	prior year
Detail of other operating income:				
Dietary revenue	\$ 139,208	\$ 122,016	\$ 847,928	\$ 819,275
Discounts and scrap sale	968	68	553,449	223,320
Sale of products and services	30,423	6,094	445,932	149,933
Clinical trial fees	1,717	0	23,195	46,128
Stimulus Funds	0	0	0	0
Rental income	159,493	183,509	964,417	970,319
Other	627,933	2,805,352	2,920,424	5,732,168
	<u>\$ 959,742</u>	<u>\$ 3,117,039</u>	<u>\$ 5,755,345</u>	<u>\$ 7,941,143</u>
Detail of investment income:				
Bank and payor interest	\$ 72,763	\$ 37,930	\$ 533,759	\$ 863,446
Income from investments	(579,081)	842,535	(3,885,257)	1,216,367
Gain or loss on property and equipment	(158,450)	0	(135,357)	29,750
	<u>\$ (664,768)</u>	<u>\$ 880,465</u>	<u>\$ (3,486,855)</u>	<u>\$ 2,109,563</u>
Detail of income from subsidiaries:				
Salinas Valley Medical Center:				
Pulmonary Medicine Center	\$ (83,697)	\$ (345,940)	\$ (1,074,597)	\$ (1,173,713)
Neurological Clinic	(25,294)	(11,581)	(308,875)	(448,960)
Palliative Care Clinic	(33,472)	(36,302)	(472,921)	(433,668)
Surgery Clinic	(60,553)	(141,748)	(702,138)	(950,875)
Infectious Disease Clinic	(14,832)	(15,267)	(157,982)	(172,947)
Endocrinology Clinic	(49,433)	(91,511)	(712,529)	(1,095,945)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(164,938)	(299,266)	(2,162,121)	(2,933,330)
OB/GYN Clinic	(251,009)	(208,338)	(1,810,839)	(2,139,390)
PrimeCare Medical Group	(198,065)	(414,003)	(2,215,647)	(5,246,369)
Oncology Clinic	(311,097)	68,483	(1,755,871)	(1,563,882)
Cardiac Surgery	(60,986)	8,038	(841,460)	(858,285)
Sleep Center	(10,682)	(49,041)	(167,620)	(371,306)
Rheumatology	(36,960)	(28,932)	(301,491)	(320,223)
Precision Ortho MDs	(167,721)	(173,015)	(1,395,508)	(2,254,987)
Precision Ortho-MRI	0	1,263	0	(1,263)
Precision Ortho-PT	(24,453)	(16,170)	(278,887)	(264,663)
Vaccine Clinic	(53,749)	0	(135,931)	0
Dermatology	41,405	(6,676)	(77,800)	(178,299)
Hospitalists	0	0	0	0
Behavioral Health	(21,588)	(64,451)	(384,112)	(408,796)
Pediatric Diabetes	(28,750)	(38,160)	(263,467)	(198,165)
Neurosurgery	(13,569)	(31,894)	(134,563)	(180,910)
Multi-Specialty-RR	2,516	15,831	53,092	28,147
Radiology	(202,138)	(196,949)	(1,398,654)	(1,140,531)
Salinas Family Practice	(109,216)	0	(485,055)	0
Total SVMC	(1,878,281)	(2,075,629)	(17,184,976)	(22,308,360)
Doctors on Duty	54,794	(105,839)	220,797	(10,846)
Assisted Living	0	(1,964)	0	(41,583)
Salinas Valley Imaging	0	0	0	(19,974)
Vantage Surgery Center	19,341	11,050	169,857	116,748
LPCH NICU JV	0	0	0	0
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	195,329	51,962	1,441,211	412,639
Aspire/CHI/Coastal	(30,730)	(25,759)	(151,339)	(202,042)
Apex	3,925	1,864	70,968	47,457
21st Century Oncology	(51,202)	(55,681)	107,018	(104,453)
Monterey Bay Endoscopy Center	26,011	36,455	229,870	646,518
	<u>\$ (1,660,814)</u>	<u>\$ (2,163,541)</u>	<u>\$ (15,096,595)</u>	<u>\$ (21,463,896)</u>

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

	Current year	Prior year
A S S E T S		
Current assets:		
Cash and cash equivalents	\$ 340,137,885	\$ 299,514,005
Patient accounts receivable, net of estimated uncollectibles of \$24,260,922	84,894,422	85,302,217
Supplies inventory at cost	8,040,159	8,762,916
Other current assets	10,700,207	10,098,368
Total current assets	443,772,673	403,677,505
Assets whose use is limited or restricted by board	148,277,441	137,490,684
Capital assets:		
Land and construction in process	36,308,014	46,821,193
Other capital assets, net of depreciation	203,986,446	212,332,447
Total capital assets	240,294,460	259,153,640
Other assets:		
Investment in Securities	144,039,022	148,588,983
Investment in SVMC	14,828,619	12,069,212
Investment in Aspire/CHI/Coastal	3,629,477	4,327,680
Investment in other affiliates	21,718,069	21,827,062
Net pension asset	4,349,082	1,583,323
Total other assets	188,564,269	188,396,260
Deferred pension outflows	50,119,236	83,379,890
	\$ 1,071,028,079	\$ 1,072,097,979
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 56,932,473	\$ 58,586,920
Due to third party payers	57,214,410	74,822,042
Current portion of self-insurance liability	17,812,357	17,855,668
Total current liabilities	131,959,240	151,264,630
Long term portion of workers comp liability	14,556,513	14,780,831
Total liabilities	146,515,753	166,045,461
Pension liability	83,585,120	126,340,336
Net assets:		
Invested in capital assets, net of related debt	240,294,460	259,153,640
Unrestricted	600,632,746	520,558,542
Total net assets	840,927,206	779,712,182
	\$ 1,071,028,079	\$ 1,072,097,979

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

	Month of December,				Six months ended December 31,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 208,674,891	\$ 196,628,325	12,046,566	6.13%	\$ 1,218,594,222	\$ 1,167,054,514	51,539,708	4.42%
Deductions from revenue	156,398,700	151,337,844	5,060,856	3.34%	930,793,681	896,125,706	34,667,975	3.87%
Net patient revenue	52,276,191	45,290,482	6,985,709	15.42%	287,800,541	270,928,808	16,871,733	6.23%
Other operating revenue	959,742	783,804	175,938	22.45%	5,755,345	4,693,331	1,062,014	22.63%
Total operating revenue	53,235,933	46,074,285	7,161,648	15.54%	293,555,886	275,622,139	17,933,747	6.51%
Operating expenses:								
Salaries and wages	14,689,345	15,145,016	(455,671)	-3.01%	91,717,781	92,433,511	(715,730)	-0.77%
Compensated absences	2,550,895	3,359,057	(808,162)	-24.06%	16,165,543	17,147,655	(982,112)	-5.73%
Employee benefits	6,112,645	6,786,671	(674,026)	-9.93%	40,568,042	42,146,309	(1,578,267)	-3.74%
Supplies, food, and linen	6,087,678	5,936,897	150,781	2.54%	37,332,142	35,250,561	2,081,581	5.91%
Purchased department functions	3,943,521	3,093,378	850,143	27.48%	20,272,318	18,317,635	1,954,683	10.67%
Medical fees	1,843,045	1,823,779	19,266	1.06%	11,643,054	10,961,548	681,506	6.22%
Other fees	3,287,966	943,907	2,344,059	248.34%	10,405,900	5,607,508	4,798,392	85.57%
Depreciation	1,829,383	1,785,356	44,027	2.47%	10,967,148	10,713,217	253,931	2.37%
All other expense	1,456,997	1,442,412	14,585	1.01%	8,349,862	8,629,854	(279,992)	-3.24%
Total operating expenses	41,801,475	40,316,474	1,485,001	3.68%	247,421,790	241,207,798	6,213,992	2.58%
Income from operations	11,434,458	5,757,812	5,676,646	98.59%	46,134,096	34,414,341	11,719,755	34.05%
Non-operating income:								
Donations	188,667	166,667	22,000	13.20%	1,022,000	1,000,000	22,000	2.20%
Property taxes	333,333	333,333	(0)	0.00%	2,000,000	2,000,000	0	0.00%
Investment income	(664,768)	(63,302)	(601,467)	950.16%	(3,486,855)	(379,809)	(3,107,046)	818.05%
Income from subsidiaries	(1,660,814)	(4,055,265)	2,394,451	-59.05%	(15,096,595)	(24,550,331)	9,453,736	-38.51%
Total non-operating income	(1,803,582)	(3,618,567)	1,814,985	-50.16%	(15,561,450)	(21,930,140)	6,368,690	-29.04%
Operating and non-operating income	\$ 9,630,876	\$ 2,139,245	7,491,631	350.20%	\$ 30,572,646	\$ 12,484,201	18,088,445	144.89%

SALINAS VALLEY MEMORIAL HOSPITAL

PATIENT STATISTICAL REPORT

For the month of Dec and six months to date

	<u>Month of Dec</u>		<u>Six 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	51	41	277	254	(23)
Other Admissions	105	109	593	584	(9)
Total Admissions	156	150	870	838	(32)
Medi-Cal Patient Days	78	66	412	392	(20)
Other Patient Days	177	174	939	955	16
Total Patient Days of Care	255	240	1,351	1,347	(4)
Average Daily Census	8.2	7.7	7.3	7.3	(0.0)
Medi-Cal Average Days	1.7	1.8	1.6	1.6	0.0
Other Average Days	1.1	1.7	1.6	1.6	0.1
Total Average Days Stay	1.7	1.7	1.6	1.6	0.1
<u>ADULTS & PEDIATRICS</u>					
Medicare Admissions	326	372	1,911	1,966	55
Medi-Cal Admissions	300	253	1,420	1,451	31
Other Admissions	382	330	1,699	1,835	136
Total Admissions	1,008	955	5,030	5,252	222
Medicare Patient Days	1,730	1,561	8,776	8,447	(329)
Medi-Cal Patient Days	1,285	1,085	6,699	6,167	(532)
Other Patient Days	1,004	1,299	5,710	6,455	745
Total Patient Days of Care	4,019	3,945	21,185	21,069	(116)
Average Daily Census	129.6	127.3	115.1	114.5	(0.6)
Medicare Average Length of Stay	5.4	4.2	4.6	4.2	(0.4)
Medi-Cal Average Length of Stay	4.4	3.8	4.0	3.5	(0.5)
Other Average Length of Stay	2.6	3.0	2.5	2.7	0.3
Total Average Length of Stay	4.1	3.6	3.6	3.4	(0.2)
Deaths	42	34	187	165	(22)
Total Patient Days	4,274	4,185	22,536	22,416	(120)
Medi-Cal Administrative Days	60	29	156	105	(51)
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	60	29	156	105	(51)
Percent Non-Acute	1.40%	0.69%	0.69%	0.47%	-0.22%

SALINAS VALLEY MEMORIAL HOSPITAL

PATIENT STATISTICAL REPORT

For the month of Dec and six months to date

	<u>Month of Dec</u>		<u>Six 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	269	273	1,494	1,600	106
Heart Center	339	136	2,046	1,462	(584)
Monitored Beds	955	767	5,414	4,664	(750)
Single Room Maternity/Obstetrics	394	439	2,142	2,198	56
Med/Surg - Cardiovascular	850	858	4,347	4,035	(312)
Med/Surg - Oncology	326	287	1,031	1,706	675
Med/Surg - Rehab	510	459	2,491	2,518	27
Pediatrics	88	108	437	550	113
Nursery	255	240	1,351	1,347	(4)
Neonatal Intensive Care	162	202	817	606	(211)
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	66.75%	67.74%	62.46%	66.89%	
Heart Center	72.90%	29.25%	74.13%	52.97%	
Monitored Beds	114.10%	91.64%	108.98%	93.88%	
Single Room Maternity/Obstetrics	34.35%	38.27%	31.46%	32.29%	
Med/Surg - Cardiovascular	60.93%	61.51%	52.50%	48.73%	
Med/Surg - Oncology	80.89%	71.22%	43.10%	71.32%	
Med/Surg - Rehab	63.28%	56.95%	52.07%	52.63%	
Med/Surg - Observation Care Unit	0.00%	78.94%	0.00%	55.31%	
Pediatrics	15.77%	19.35%	13.19%	16.61%	
Nursery	49.85%	46.92%	22.25%	22.18%	
Neonatal Intensive Care	47.51%	59.24%	40.37%	29.94%	

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Dec and six months to date

	<u>Month of Dec</u>		<u>Six 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	148	139	861	813	(48)
C-Section deliveries	42	47	256	276	20
Percent of C-section deliveries	28.38%	33.81%	29.73%	33.95%	4.22%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	15,776	17,198	128,184	114,688	(13,496)
Out-Patient Operating Minutes	19,583	29,521	143,711	155,547	11,836
Total	35,359	46,719	271,895	270,235	(1,660)
Open Heart Surgeries	8	14	72	72	0
In-Patient Cases	120	110	877	812	(65)
Out-Patient Cases	214	300	1,585	1,546	(39)
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	44	31	191	222	31
High Risk	566	499	3,080	2,730	(350)
More Than One Resource	2,154	2,376	12,702	15,518	2,816
One Resource	1,025	1,538	8,444	10,046	1,602
No Resources	39	86	247	566	319
Total	<u>3,828</u>	<u>4,530</u>	<u>24,664</u>	<u>29,082</u>	<u>4,418</u>

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Dec and six months to date

	<u>Month of Dec</u>		<u>Six months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
CENTRAL SUPPLY					
In-patient requisitions	15,675	14,808	85,803	90,432	4,629
Out-patient requisitions	9,108	9,681	61,717	56,696	-5,021
Emergency room requisitions	1,576	729	9,898	7,651	-2,247
Interdepartmental requisitions	8,211	7,027	41,795	37,283	-4,512
Total requisitions	<u>34,570</u>	<u>32,245</u>	<u>199,213</u>	<u>192,062</u>	<u>-7,151</u>
LABORATORY					
In-patient procedures	39,445	37,695	211,628	202,868	-8,760
Out-patient procedures	11,221	11,485	66,776	68,666	1,890
Emergency room procedures	9,228	10,173	51,501	65,285	13,784
Total patient procedures	<u>59,894</u>	<u>59,353</u>	<u>329,905</u>	<u>336,819</u>	<u>6,914</u>
BLOOD BANK					
Units processed	<u>259</u>	<u>299</u>	<u>1,678</u>	<u>1,668</u>	<u>-10</u>
ELECTROCARDIOLOGY					
In-patient procedures	928	1,090	5,525	5,817	292
Out-patient procedures	358	395	2,357	2,366	9
Emergency room procedures	1,040	1,032	5,097	5,979	882
Total procedures	<u>2,326</u>	<u>2,517</u>	<u>12,979</u>	<u>14,162</u>	<u>1,183</u>
CATH LAB					
In-patient procedures	57	76	448	530	82
Out-patient procedures	78	80	520	554	34
Emergency room procedures	0	0	1	0	-1
Total procedures	<u>135</u>	<u>156</u>	<u>969</u>	<u>1,084</u>	<u>115</u>
ECHO-CARDIOLOGY					
In-patient studies	286	346	1,735	2,035	300
Out-patient studies	175	210	1,124	1,364	240
Emergency room studies	3	0	14	4	-10
Total studies	<u>464</u>	<u>556</u>	<u>2,873</u>	<u>3,403</u>	<u>530</u>
NEURODIAGNOSTIC					
In-patient procedures	172	169	969	925	-44
Out-patient procedures	25	17	145	137	-8
Emergency room procedures	0	0	0	0	0
Total procedures	<u>197</u>	<u>186</u>	<u>1,114</u>	<u>1,062</u>	<u>-52</u>

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Dec and six months to date

	Month of Dec		Six months to date		Variance
	2020	2021	2020-21	2021-22	
SLEEP CENTER					
In-patient procedures	0	0	1	0	-1
Out-patient procedures	168	122	1,132	986	-146
Emergency room procedures	0	0	0	0	0
Total procedures	168	122	1,133	986	-147
RADIOLOGY					
In-patient procedures	1,530	1,322	8,054	7,281	-773
Out-patient procedures	452	381	3,907	2,559	-1,348
Emergency room procedures	1,287	1,142	6,722	7,427	705
Total patient procedures	3,269	2,845	18,683	17,267	-1,416
MAGNETIC RESONANCE IMAGING					
In-patient procedures	124	116	755	749	-6
Out-patient procedures	109	102	826	691	-135
Emergency room procedures	10	12	66	43	-23
Total procedures	243	230	1,647	1,483	-164
MAMMOGRAPHY CENTER					
In-patient procedures	3,034	3,246	18,192	21,161	2,969
Out-patient procedures	3,008	3,243	18,094	21,009	2,915
Emergency room procedures	0	0	0	8	8
Total procedures	6,042	6,489	36,286	42,178	5,892
NUCLEAR MEDICINE					
In-patient procedures	7	15	74	80	6
Out-patient procedures	66	74	445	463	18
Emergency room procedures	0	0	3	4	1
Total procedures	73	89	522	547	25
PHARMACY					
In-patient prescriptions	104,022	93,649	524,865	511,032	-13,833
Out-patient prescriptions	12,644	15,615	89,539	92,964	3,425
Emergency room prescriptions	5,658	6,237	31,641	41,799	10,158
Total prescriptions	122,324	115,501	646,045	645,795	-250
RESPIRATORY THERAPY					
In-patient treatments	32,480	20,157	126,851	109,740	-17,111
Out-patient treatments	346	1,389	3,248	6,915	3,667
Emergency room treatments	185	295	806	1,389	583
Total patient treatments	33,011	21,841	130,905	118,044	-12,861
PHYSICAL THERAPY					
In-patient treatments	2,397	2,479	13,853	13,888	35
Out-patient treatments	158	260	1,652	1,938	286
Emergency room treatments	0	0	0	0	0
Total treatments	2,555	2,739	15,505	15,826	321

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
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	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
OCCUPATIONAL THERAPY					
In-patient procedures	1,320	1,633	7,958	9,022	1,064
Out-patient procedures	72	130	723	987	264
Emergency room procedures	0	0	0	0	0
Total procedures	<u>1,392</u>	<u>1,763</u>	<u>8,681</u>	<u>10,009</u>	<u>1,328</u>
SPEECH THERAPY					
In-patient treatments	430	504	2,334	2,552	218
Out-patient treatments	23	27	148	172	24
Emergency room treatments	0	0	0	0	0
Total treatments	<u>453</u>	<u>531</u>	<u>2,482</u>	<u>2,724</u>	<u>242</u>
CARDIAC REHABILITATION					
In-patient treatments	0	0	0	0	0
Out-patient treatments	389	549	2,139	3,867	1,728
Emergency room treatments	0	0	1	0	-1
Total treatments	<u>389</u>	<u>549</u>	<u>2,140</u>	<u>3,867</u>	<u>1,727</u>
CRITICAL DECISION UNIT					
Observation hours	<u>223</u>	<u>404</u>	<u>1,488</u>	<u>1,908</u>	<u>420</u>
ENDOSCOPY					
In-patient procedures	83	81	541	558	17
Out-patient procedures	14	17	147	194	47
Emergency room procedures	0	0	0	0	0
Total procedures	<u>97</u>	<u>98</u>	<u>688</u>	<u>752</u>	<u>64</u>
C.T. SCAN					
In-patient procedures	498	606	3,266	3,431	165
Out-patient procedures	489	293	3,153	2,236	-917
Emergency room procedures	426	565	2,775	3,612	837
Total procedures	<u>1,413</u>	<u>1,464</u>	<u>9,194</u>	<u>9,279</u>	<u>85</u>
DIETARY					
Routine patient diets	14,895	20,345	95,600	108,751	13,151
Meals to personnel	<u>20,252</u>	<u>22,140</u>	<u>124,871</u>	<u>130,740</u>	<u>5,869</u>
Total diets and meals	<u>35,147</u>	<u>42,485</u>	<u>220,471</u>	<u>239,491</u>	<u>19,020</u>
LAUNDRY AND LINEN					
Total pounds laundered	<u>94,703</u>	<u>102,136</u>	<u>610,515</u>	<u>589,390</u>	<u>-21,125</u>

PUBLIC INPUT

CLOSED SESSION

*(Report on Item to be
Discussed in Closed Session)*

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

*ADJOURNMENT – THE FEBRUARY 2022
PERSONNEL, PENSION AND
INVESTMENT COMMITTEE MEETING
IS SCHEDULED FOR TUESDAY,
FEBRUARY 22, 2022, AT 12:00 P.M.*