



MISSION

It is our mission to deliver quality healthcare to the residents of and visitors to Big Bear Valley through the most effective use of available resources.

VISION

To be the premier provider of emergency medical and healthcare services in our Big Bear Valley.

**NOTICE AND CALL OF A
BOARD OF DIRECTORS
SPECIAL FINANCE COMMITTEE MEETING**

Tuesday, September 05, 2017

1:00 p.m. Open Session @ Business Office Conference Room
41870 Garstin Drive, Big Bear Lake, Ca. 92315

NOTICE IS HEREBY GIVEN that a special meeting of the Board of Directors, Finance Committee of the Bear Valley Community Healthcare District will be held on Tuesday, September 05, 2017, Open Session beginning at 1:00 p.m. A copy of the agenda is attached hereto.

Dated: September 01, 2017

John Friel
CEO

A handwritten signature in blue ink, appearing to read "John Friel", is written over the printed name and title.



**BOARD OF DIRECTORS
SPECIAL FINANCE COMMITTEE MEETING AGENDA
TUESDAY, SEPTEMBER 05, 2017
1:00 PM –OPEN SESSION @ BUSINESS OFFICE CONFERENCE ROOM
41870 GARSTIN DRIVE, BIG BEAR LAKE, CA. 92315**

Copies of staff reports or other written documentation relating to each item of business referred to on this agenda are on file in the Chief Executive Officer's Office and are available for public inspection or purchase at 10 cents per page with advance written notice. In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if you need special assistance to participate in a District meeting or other services offered by the District, please contact Administration (909) 878-8214. Notification at least 48 hours prior to the meeting or time when services are needed will assist the District staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service. **DOCUMENTS RELATED TO OPEN SESSION AGENDAS (SB 343)** Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection at the public counter located in the Administration Office, located at 41870 Garstin Drive, Big Bear Lake, CA 92315. For questions regarding any agenda item, contact Administration at (909) 878-8214.

OPEN SESSION

1. **CALL TO ORDER** **Barbara Willey, Treasurer**
2. **ROLL CALL** **Shelly Egerer, Administrative Assistant**
3. **ADOPTION OF AGENDA***
4. **PUBLIC FORUM FOR OPEN SESSION**
This is the opportunity for persons to speak on items of interest to the public within subject matter jurisdiction of the District, but which are not on the agenda. Any person may, in addition to this public forum, address the Committee regarding any item listed on the Committee agenda at the time the item is being considered by the Committee. *(Government Code Section 54954.3, there will be a three (3) minute limit per speaker. Any report or data required at this time must be requested in writing, signed and turned in to Administration. Please state your name and city of residence.)*
5. **APPROVAL OF MINUTES***
A. August 07, 2017
6. **DIRECTORS COMMENTS**
7. **OLD BUSINESS***
A. Discussion and Potential Recommendation to the Board of Directors: Petty Cash Policy & Procedure
8. **NEW BUSINESS***
A. Discussion and Potential Recommendation to the Board of Directors of the Following:
 - (1) WIPFLI Cost Report Preparation Agreement
 - (2) Pyxis Medication and Supply Dispensing System Agreement
 - (3) Health Information Partners Agreement (Interim HIM Manager)
9. **PRESENTATION AND REVIEW OF FINANCIAL STATEMENTS***
Garth Hamblin, CFO
 - A. July 2017 Finances
 - B. CFO Report
10. **ADJOURNMENT*** *** Denotes Actions Items**

**BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT
BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING MINUTES
41870 Garstin Drive, Big Bear Lake, Ca. 92315
August 07, 2017**

MEMBERS Barbara Willey, Treasurer
PRESENT: Rob Robbins, 1st Vice President
John Friel, CEO

Garth Hamblin, CFO
Shelly Egerer, Admin. Asst.

STAFF: Mary Norman, Risk/ Compliance

Kerri Jex, CNO

**COMMUNITY
MEMBERS:** None

ABSENT: None

OPEN SESSION

1. CALL TO ORDER:

Board Member Willey called the meeting to order at 1:00 p.m.

2. ROLL CALL:

Barbara Willey and Rob Robbins were present. Also, present were John Friel, CEO, Garth Hamblin, CFO and Shelly Egerer, Administrative Assistant.

3. ADOPTION OF AGENDA:

Board Member Robbins motioned to adopt the August 07, 2017 agenda as presented. Second by Board Member Willey to adopt the August 07, 2017 agenda as presented. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Willey- yes
- Board Member Robbins- yes

CLOSED SESSION

4. PUBLIC FORM FOR CLOSED SESSION:

Board Member Willey opened the Hearing Section for Public Comment on Closed Session items at 1:00 p.m. Hearing no request to address the Finance Committee, Board Member Willey closed the Hearing Section at 1:00 p.m.

5. ADJOURN TO CLOSED SESSION:

Board Member Robbins motioned to adjourn to Closed Session. Second by Board Member Willey to adjourn to Closed Session. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Willey- yes
- Board Member Robbins- yes

OPEN SESSION

1. CALL TO ORDER:

Board Member Willey called the meeting to order at 1:34 p.m.

2. RESULTS OF CLOSED SESSION:

Board Member Willey reported no action was taken in Closed Session.

3. PUBLIC FORUM FOR OPEN SESSION

Board Member Willey opened the Hearing Section for Public Comment on Open Session items at 1:35 p.m. Hearing no request to address the Finance Committee, Board Member Willey closed the Hearing Section at 1:35 p.m.

4. DIRECTORS COMMENTS:

- None

5. APPROVAL OF MINUTES:

A. July 06, 2017

Board Member Robbins motioned to approve the July 06, 2017 minutes as presented. Second by Board Member Willey to approve the July 06, 2017 minutes as presented. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Willey- yes
- Board Member Robbins- yes

6. OLD BUSINESS:

- None

7. NEW BUSINESS*

A. Discussion, Presentation and Potential Recommendation to the Board of Directors of the Following Contract:

- (1) Marsh & McLennan Agency Employee Benefits Consulting Agreement
- (2) JWT & Associates Service Agreement for Fiscal Year 2017

Board Member Willey motioned to recommend to the Board of Directors the Marsh & McLennan Agency Employee Benefits Consulting Agreement and JWT & Associates Service Agreement. Second by Board Member Robbins to recommend to the Board of Directors the Marsh & McLennan Agency Employee Benefits Consulting Agreement and JWT & Associates Service Agreement. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Willey- yes
- Board Member Robbins- yes

B. Discussion and Potential Approval of Moving the September 4th, 2017 Finance Committee to September 6, 2017 due to the Labor Day Holiday:

- Board Member Willey stated that she asked this item be on the agenda due to the regular Finance Committee being on Labor Day and needed to be rescheduled.

Board Member Willey motioned to approve moving the September 4 to September 6, 2017. Second by Board Member Robbins to approve moving the September 4 to September 6, 2017. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Willey- yes
- Board Member Robbins- yes

8. Presentation and Review of Financial Statements:

A. June 2017 Finances:

- Mr. Hamblin reported the following:
 - Ended year with 230 days cash on hand.
 - Surplus of \$3.6 million.
 - Provided statistics on departments.
 - Mammo declined due to project.
 - Expenses under budget.
 - AR days are at 72 days.
 - Would like to get AR days to 65 days or less.
- The Finance Committee wanted to thank staff for their hard work on keeping expenses down and that the finances look so much better than a couple years ago.

B. CFO Report:

- Mr. Hamblin reported the following information:
 - No change in the ACA (Obama Care) at this time. ACA has some challenges
 - At this time we have not seen reductions in AR days that we want-65 days or less.
 - Weekly meetings continue with TruBridge.
 - Unchecked days are being met.
 - Un-coded days have average of 0.9 for the past 16 weeks.
 - Petty Cash Policy was not completed for this meeting, continuing to work on some forms and is hopeful that this policy will be brought to the September Finance Committee.

C. Physician Payment Reconciliation Fiscal Year 2017:

- Mr. Hamblin reported the following information:
 - QHR has an operating practice and the Physician Payment Reconciliation is to be provided to the CEO & the Board for approval.
 - Physician agreement is reviewed and accounts payable is paying according to the contract.

Board Member Robbins motioned to approve and recommend to the full Board the June 2017 Finance Report, the CFO Report and the Physician Payment Reconciliation Report as presented. Second by Board Member Willey to approve and recommend to the full Board the June 2017 Finance Report, the CFO Report and the Physician Payment Reconciliation Report as presented. Board Member Willey called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Willey- yes
- Board Member Robbins- yes

9. ADJOURNMENT*

Board Member Robbins called for a motion to adjourn the meeting. Second by Board Member Willey to adjourn the meeting. Board Member Willey adjourned the meeting 2:00 p.m.

- Board Member Willey- yes
- Board Member Robbins- yes



MEMO

Date: 30 August 2017
To: BVCHD Finance Committee
From: Garth M Hamblin, CFO
Re: Petty Cash Policy

Recommendation

Approve Petty Cash policy as revised / presented

Background

After review of draft petty cash policy by the Finance Committee, we have revised the policy and reimbursement form



| | |
|----------------------------|---------------------------------------|
| DEPARTMENT: Finance | CATEGORY: Policies, Procedures |
| SUBJECT: Petty Cash | |

POLICY:

The purpose of this policy is to outline the procedure in the handling of petty cash needed for minor purchases.

PROCEDURE:

1. The Petty Cash procedure is as follows:
 - 1.1. A number of petty cash funds have been established and are kept in secure areas in various locations (see attached list) to support the programs of BVCHD.
 - 1.2. Authorized BVCHD personnel present a receipt and request for reimbursement to the Petty Cash Custodian.
 - 1.3. The person receiving payment signs for the disbursement and any receipts will be attached to Petty Cash Reconciliation & Request for Reimbursement (sample form attached).
 - 1.4. The Petty Cash Custodian will be responsible for monitoring the Petty Cash amounts to be sure there is a sufficient amount on hand.
 - 1.5. When it becomes necessary to replenish the petty cash fund, the Petty Cash Custodian will balance the remaining petty cash and the receipts, complete the Petty Cash Reconciliation & Request for Reimbursement and give to the Department Manager for signature.
 - 1.6. The Manager reviews and signs the Petty Cash Reconciliation & Request for Reimbursement form and forwards to the Accounting Department.
 - 1.7. The Accounting department will process the request during the next Accounts Payable check run.
 - 1.8. The check will be sent to Administration for signature.
 - 1.9. The check will then be taken to the bank and cashed and funds placed in the petty cash box.

2. Review of Petty Cash Boxes
 - 2.1. On a random basis, not less than once per quarter, a member of the Accounting Department staff will count each petty cash fund – confirming that the cash in the box and the value of receipts total to the imprest balance.
 - 2.2. Whenever a Petty Cash Custodian changes, Accounting Department staff will count the cash box – confirming that the cash in the box and the value of receipts total to the imprest balance.
 - 2.3. Any discrepancies will be reported to the CFO and Compliance Officer.

| | |
|--|--|
| Prepared By: Breuer, Kathy | Reference: |
| Reviewed By: Admin Team, Policy & Procedure Committee | Revised Date: Not Approved Yet |
| Approved By: Board Directors | Date Approved: Not Approved Yet |
| | |



| <u>Department</u> | <u>Custodian</u> | <u>Supervisor</u> | <u>Amount</u> |
|-------------------|------------------|-------------------|----------------|
| <u>Petty Cash</u> | | | |
| Accounting | Jacob Phillips | Kathy Breuer | 300.00 |
| HR | Kathy Gardner | Erin Wilson | 500.00 |
| SNF | Andrea Rojas | Kathleen Yerratt | 350.00 |
| | | | <hr/> 1,150.00 |



MEMO

Date: 29 August 2017
To: BVCHD Finance Committee
From: Garth M Hamblin, Interim CFO
Re: WIPFLi LLP – Cost Report Preparation Engagement

Recommended Action

Approve engagement of WIPFLi LLP for preparation of FYE June 30, 2017, Medicare Cost Report and associated Medi-Cal and OSHPD reports. Total fee - \$27,500.

Background

Attached is the full engagement letter from WIPFLi.

WIPFLi prepared our Medicare and Medi-Cal reports last year and did a good job. A little over a year ago, we talked with a number of firms about preparation of these year-end reports and WIPFLi was selected. Since they have been good to work with and have done a good job for us, our recommendation is to work with them again this year (for at least one more year).



Wipfli LLP
201 W. North River Drive, Suite 400
Spokane, WA 99201
509.489.4524
fax 509.489.4682
www.wipfli.com

August 9, 2017

Garth M. Hamblin
Bear Valley Community Hospital
41870 Garstin Drive
Big Bear Lake, CA 92315

Dear Garth:

The purpose of this letter is to confirm our understanding of the terms of our engagement and the nature and limitations of the services we will provide.

We will prepare the Medicare cost report (Form 2552-10) for Bear Valley Community Hospital, for the year ended June 30, 2017. Optionally, we will compile the state Medi-Cal cost report and other state reports for Bear Valley Community Hospital for the year ended June 30, 2016, in accordance with the guidelines established by the state Medi-Cal agency. We will perform a compilation engagement with respect to these reports.

Our Responsibilities

The objective of our engagement is to:

1. Prepare the Medicare cost report (Form 2552-10) in accordance with the guidelines established by the Department of Health and Human Services - Centers for Medicare & Medicaid Services based on information provided by you. In addition, we will prepare the state Medi-Cal cost report for Bear Valley Community Hospital for the year ended June 30, 2017, in accordance with the guidelines established by the state Medicaid and Medi-Cal agency based on information provided by you.
2. Apply accounting and financial reporting expertise to assist you in the presentation of cost reports without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the cost reports in order for them to be in accordance with the guidelines established by the Department of Health and Human Services - Centers for Medicare & Medicaid Services and the state Medi-Cal agency.

We will conduct our compilation engagement in accordance with the *Statements on Standards for Accounting and Review Services* (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct* and its ethical principles of integrity, objectivity, professional competence, and due care, when preparing the cost reports and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the cost reports.

Our engagement cannot be relied upon to identify or disclose any cost reports misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our procedures that fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our compilation procedures regarding any wrongdoing within the entity or noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare cost reports in accordance with guidelines established by the Department of Health and Human Services - Centers for Medicare & Medicaid Services and the state Medi-Cal agency and assist you in the presentation of the cost reports in accordance with guidelines established by the Department of Health and Human Services - Centers for Medicare & Medicaid Services and the state Medi-Cal agency. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of guidelines established by the Department of Health and Human Services - Centers for Medicare & Medicaid Services and the state Medi-Cal agency as the financial reporting framework to be applied in the preparation of the cost reports.

2. The preparation and fair presentation of cost reports in accordance with guidelines established by the Department of Health and Human Services - Centers for Medicare & Medicaid Services and the state Medi-Cal agency and the inclusion of all informative disclosures that are appropriate for guidelines established by the Department of Health and Human Services - Centers for Medicare & Medicaid Services and the state Medi-Cal agency, if applicable.
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the cost reports.
4. The prevention and detection of fraud.
5. To ensure that Bear Valley Community Hospital complies with the laws and regulations applicable to its activities.
6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with:
 - a. Access to all information of which you are aware is relevant to the preparation and fair presentation of the cost reports, such as records, documentation, and other matters.
 - b. Additional information that we may request from you for the purpose of the compilation engagement.
 - c. Unrestricted access to persons within Bear Valley Community Hospital of whom we determine it necessary to make inquiries.
8. Including our compilation report in any document containing cost reports that indicate that we have performed a compilation engagement on such cost reports and, prior to the inclusion of the report, to ask our permission to do so.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our bookkeeping services and the preparation of your cost reports. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Reports

As part of our engagement, we will issue reports that will state that we did not audit or review the cost reports and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. If, for any reason, we are unable to complete the compilation of your cost reports, we will not issue a report on such cost reports as a result of this engagement.

Other

In accordance with our firm's document retention policy, we will retain our workpapers for your engagement for a period of seven years. All of your original records will be returned to you at the end of this engagement. After seven years, our workpapers and engagement files will be destroyed. Our working papers and files are not a substitute for the original records you should maintain.

Assistance by your employees in the preparation of schedules and analysis of accounts has been discussed with you. Timely completion of this work will assist us in the completion of our work in the minimum of time.

Our fees will be billed as work progresses, and progress billings may be submitted. Based upon our discussions with you, the breakdown for this engagement is outlined below. In addition, expenses for items such as travel; telephone; postage; and typing, printing, and reproduction of financial statements will be billed as incurred. Circumstances encountered during the conduct of the engagement that warrant additional procedures or expense could cause us to be unable to complete the engagement at the fee quoted. We will notify you of any such circumstances as they are assessed. We expect payment of our billings within 30 days after submission. Interest of 1.5% per month (equivalent to 18% per annum computed monthly) will be charged on the portion of your balance that is over 30 days.

| | 2017 |
|--|------------------|
| Preparation of the Medicare Cost Report | \$ 8,200 |
| Medi-Cal Cost Report | 1,800 |
| California Hospital Disclosure Report (Annual OSHPD) | 7,500 |
| California Special Districts Report | 2,000 |
| Medi-Cal AB 97 DNP Supplemental Reimbursement Reports | 1,500 |
| Medi-Cal AB 915 OP Supplemental Reimbursement Reports | 1,500 |
| Managed Care SB1100/IGT Supplemental Reimbursement Reports | 1,500 |
| Medi-Cal DSH Audit | 3,500 |
| Total | \$ 27,500 |

Optional

| | |
|-------------------------------|-------|
| PPS RHC Reconciliation | 2,500 |
| PPS RHC Reconciliation Review | 1,500 |

This engagement includes only those services specifically described in this letter; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to, or we are required to, respond to a subpoena, court order, government regulatory inquiries, or other legal process against Bear Valley Community Hospital or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, you agree to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs that we incur. We agree to notify Bear Valley Community Hospital of any such subpoenas or requests upon receipt or as soon as reasonably practicable to ensure Bear Valley Community Hospital has sufficient time to respond prior to our production of any information, records or testimony.

Eric Volk, CPA will be your compilation engagement partner. His responsibilities include supervising the firm's services performed as part of this engagement and signing the compilation report.

Professional and certain regulatory standards require us to be independent, in both fact and appearance. Any discussions that you have with Wipfli personnel regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

In order for us to remain independent, professional and regulatory standards require us to maintain certain respective roles and relationships with you with respect to any nonattest services we may be asked to perform. Prior to performing such services in conjunction with our compilation, management must acknowledge its acceptance of certain responsibilities.

We cannot perform management functions or make management decisions on behalf of Bear Valley Community Hospital. However, we will provide advice and recommendations to assist management in performing its functions and fulfilling its responsibilities.

If the above terms are acceptable to you and the services outlined are in accordance with your requirements, please return a signed copy of this letter to us.

Garth M. Hamblin
Bear Valley Community Hospital
Page 6
August 9, 2017

We look forward to our continued association with you and your staff and appreciate the opportunity to serve you. Please do not hesitate to call us if you have any questions about the work we are to perform or any other aspect of the services we can provide.

Sincerely,

Wipfli LLP

Wipfli LLP

ACCEPTED: BEAR VALLEY COMMUNITY HOSPITAL

By: _____

(Print Name and Title)

Date: _____

kdh
8/9/17



MEMO

Date: 29 August 2017
To: BVCHD Finance Committee
From: Garth M Hamblin, Interim CFO
Re: medication and supply dispensing system -Pyxis

Recommended Action

Approve agreement with CareFusion for Pyxis Medication and Supply distribution/dispensing systems. This would be a new five year lease agreement. Monthly lease expense \$6,269.

Background

Our current expense for our existing Pyxis system is \$6,040 per month. This proposal would cost \$6,269 per month.

For a number of years we have used the Pyxis medication dispensing system. Gradually we began to use this medication dispensing system to track usage and charges of medical supplies as well as pharmaceuticals. Our agreement with Pyxis is now up and we have evaluated using medication dispensing system for pharmaceuticals and supply dispensing system for medical supplies. Since there are two major vendors for such systems available to us under the Healthtrust Purchasing Group through to QHR (Pyxis and Omnicell) we evaluated both systems.

Pyxis / Omnicell Medication and Supply Dispensing Systems comparisons

| | <u>existing</u> | <u>Pyxis</u> | <u>Omnicell</u> |
|-----------------|-----------------|--------------|-----------------|
| Price per month | \$ 6,040 | \$ 6,269 | \$ 8,919 |

Both proposals evaluated offered separation of pharmaceutical dispensing and medical supply dispensing. As you can see, the Omnicell pricing was significantly higher for what we saw as comparable offerings. Staff was able

to view and test equipment from both companies. A couple of important considerations in our recommendation - existing interface between Pyxis and CPSI, staff familiarity with the Pyxis system, and existing long-standing relationship with Pyxis.

With the Pyxis proposal, we are able to add significant features, separation of pharmaceutical dispensing and charges from medical supply dispensing and charges, with a less than 4% increase in cost through very favorable pricing offered through HPG.



Implementation Timeline

Product(s): Bear Valley Supply New

Customer Name: Bear Valley Community Health Center

Customer Order Number: 1000098175

Submit Date: 8/30/2017

This Implementation Timeline applies to the Pyxis® Products identified in the applicable Customer Order (or, if applicable, Rental Agreement or Purchase Agreement) (the "Agreement"). Capitalized terms in this Implementation Timeline shall have the same meaning as used in the Agreement. CareFusion and Customer shall use commercially reasonable efforts to complete the Implementation Activities for each implementation stage described below on or before the applicable estimated Completion Date. If Customer fails to provide access or otherwise prevents CareFusion from conducting an Implementation Activity, then CareFusion may re-schedule the activity and Customer shall reimburse CareFusion for expenses incurred due to re-scheduling.

| Key Activity | Customer Responsibilities | Completion Date |
|--|---|-----------------|
| Third Party Hardware Procurement (if applicable) | Any Customer-provided equipment and system requirements (e.g. system printers) is on site and ready for implementation as outlined in the project scope by this date. | 10/6/2017 |
| Install Server(s) and Test Environment | Prepare environment for server(s) and test equipment. | 10/13/2017 |
| Develop the Solution | Department Lead, Nursing/Anesthesia (as applicable), Interface and IT Liaison Leads participate in meetings and are responsible for setting up the Customer's system, including third party system printers, and managing workflow changes. Solution for the customer system is developed via System Setup, Workflow, and Policy and Procedure documents. <u>These results determine the build of the system.</u> Customer System Manager completes the System Manager training. | 10/27/2017 |
| Complete the Database Build / Configuration | Gather required information for database build / configuration. | 10/27/2017 |
| Create Training Plan | Department Leads and Nursing/Anesthesia (as applicable) develop training tools and finalize Customer's end user training plan. | 11/3/2017 |
| Validate TEST System | Customer completes the System validation. | 11/3/2017 |
| Migrate to PRODUCTION System | Customer completes System validation and signs off on the interface. | 11/14/2017 |
| Verify Facility Preparation | Complete all construction, including wire/wireless network and power in preparation for equipment installation. Prepare an area for staging/storage of equipment. | 10/6/2017 |
| Obtain Equipment | Receive equipment. Customer Project manager and IT Liaison acquire any third party interfaces, as applicable. Complete applicable server setup processes. | 10/27/2017 |
| Build Equipment | Department Leads Loads equipment and configures system according to the system set up document and removes from the System any peripheral equipment or devices not included as a Pyxis Product under the Agreement; e.g., legacy system printers. | 11/10/2017 |
| Deliver / Verify Training | Two to three identified Super Users per patient care unit per shift attend scheduled sessions of CareFusion-provided Super User training; provide Super User-led training to end users. Sign off on training. | 11/10/2017 |
| Go-live and Support | Attend pre-go-live meetings and work with CareFusion to bring System live. Provide a full time resource(s) for a minimum of two days after go-live. | 11/14/2017 |
| Obtain Customer Acceptance | Sign Equipment Confirmation | 11/29/2017 |

Term and Payment

The Rental Term for each Pyxis Product will begin on the Term Begin Date; provided, however, that if there is no Term Begin Date agreed upon by the Parties hereunder, then the Rental Term for each Pyxis Product will begin on the first day of the calendar month following Acceptance of the Pyxis Product ("Acceptance Date"). If a Pyxis Product is being purchased, then Customer shall pay the Net Purchase Price for each Pyxis Product within thirty (30) days of the Term Begin Date. If there is no Term Begin Date for the Pyxis Product agreed upon by the Parties hereunder, then Customer shall pay the Net Purchase Price for each Pyxis Product within thirty (30) days of the first day of the month following the Acceptance Date.

Note: If a previously-installed Pyxis Product is being upgraded or is subject to new terms and conditions under this Agreement, then the previously applicable terms and conditions for the Pyxis Products, including payment terms, shall remain in full force and effect until the Term Begin Date (or, if no Term Begin Date, until the first day of the month following the Acceptance Date).

Notwithstanding the foregoing, if a Pyxis Product is not Accepted by the Term Begin Date; or, if no Term Begin Date, by the first day of the month following the Completion Date for all Implementation Activities for the Pyxis Product ("Go-Live Date") for any reason that is not the sole fault of CareFusion (each, a "Delayed Product"), then CareFusion may, in its sole discretion, (i) cancel the Agreement for the Delayed Product, (ii) require that the Rental Term for the Delayed Product begin on the Term Begin Date or first day of the month following the Go-Live Date; or (iii) if a Purchase Agreement, require that Customer pay for the Delayed Product within thirty (30) days of the Go-Live Date in accordance with the terms of the Agreement.

12/1/2017

Each person signing this Implementation Timeline represents that he/she intends to and has the authority to bind his/her respective Party to this

Implementation Timeline

Implementation Timeline is valid if signed before: 9/15/2017

| | |
|--|----------------------------------|
| Bear Valley Community Health Center | CareFusion Solutions, LLC |
| Sign: | Sign: |
| Print: | Print: |
| Title: | Title: |
| Date: | Date: |

Bear Valley Community Executive Summary- Option 2

Current Pyxis 4000 Solution – Pyxis ES w/CII Software & Pyxis Supply Solution

- *CII Safe Software solution, Improve Patient Safety, Increase Regulatory & Legal Compliance, Simplify workflow*
- *ES will allow for web-based server access & reporting, enhanced traceability and reporting for all system changes*
- *Server stores 90 days of activity with export capabilities including (PDF, Excel, CSV) to support further data management*
- *Access Pyxis ES Server via web accessible application remotely from any computer within the hospital system*
- *No limitation on number of concurrent users accessing server, enables more users to access information and reports*
- *Includes Knowledge Portal data/analytics reporting tool, increasing reporting capabilities capturing all Pyxis transactional data allowing for ease of monitoring: Inventory, Safety and Compliance*
- *Data Stored for 10 years upon collection and readily retrievable*
- *Integrate Active Directory to allow for users to be managed through Bear Valley's IT procedures & users can utilize hospital log in*
- *Replace all carousel & mini drawers with Cubies, thus increasing secure capacity and ease of use for nursing & pharmacy*
- *Exchange all mini drawers with Cubie drawers to increase capacity and enhance medication dispensing workflow*
 - *PYXIS SUPPLY Workflow will be separate to allow for increased control on charge capture*
 - *PYXIS SUPPLY SOLUTION will allow for separate reporting, tracking and accountability*
 - *PYXIS SUPPLY SOLUTION should increase efficiency pulling supplies for urgent care cases*

Pyxis 4000 vs. Pyxis ES & Supply Cost Comparison

| | |
|---|----------------|
| Proposed Pyxis ES Med Solution w/enhancements** Equip. & Support Estimate: | \$4,719 |
| Proposed Pyxis Supply (separate workflow & reporting) Equip & Support Estimate: | <u>\$1,550</u> |
| Proposed ES & Supply Monthly Estimate: | \$6,269 |
| Current Pricing Pyxis 4000 Med Solution w/Supply (integrated) Equip. & Support: | \$6,040 |
| <i>Monthly Increase to move to Pyxis ES & Supply Equipment:</i> | <i>(\$229)</i> |

*Pricing does not include taxes & contingent upon IT review & final equipment confirmation from BVCHD & BD.

**Customer Order**

Customer Order Date: 09/14/2016

Customer Order : 1000081871

Customer Information**Sold To:**

Legal Name: BEAR VALLEY COMMUNITY HOSPITAL INC
DBA: BEAR VALLEY COMMUNITY HEALTH CENTER
Street Address: 41870 GARSTIN DR
City,St.,Zip: BIG BEAR LAKE, CA 92315
Customer No. 19996459

Ship To:

BEAR VALLEY COMMUNITY HEALTH CENTER
41870 GARSTIN DR
BIG BEAR LAKE, CA 92315
19996459

Bill To

Same as (Circle) Sold To: Ship To:

1. Customer Orders. Effective as of the date of both signatures below ("**Effective Date**"), this agreement is entered by and between CareFusion and Customer as separate and distinct agreements combined for administrative convenience for: (i) Rental Equipment and/or Software listed in the Product Schedule attached hereto and incorporated by this reference (each, a "**Pyxis Product**" and, collectively, the "**Pyxis Products**"); and (ii) Services applicable to the Pyxis Products (collectively, the "**Customer Orders**"). The Customer Orders will be governed by the Master Agreement and applicable Schedule(s) in effect between the Parties ("**Master Agreement**"). Any reference to a "Rental Term(s)" or "Rental Fee(s)" in relation to Software included as a Pyxis Product hereunder will alternately refer to "**Subscription Term(s)**" or "**Subscription Fee(s)**", respectively.

2. Footprint Modification Option. The Parties understand and agree that the Pyxis Products hereunder will be subject to the following option (hereafter, "**FMO Option**").

(a) **Definitions.** As used herein, (i) "**FMO Products**" will mean a subset of the Pyxis Products valued at up to twenty percent (20%) of the Modification Amount for each Contract Year; (ii) "**Modification Amount**" will mean the total annual Monthly Rental and/or Monthly Subscription Fees for the Pyxis Products set forth on the Product Schedule; and (iii) "**Contract Year**" will mean the twelve (12) month period beginning on the Effective Date (or the anniversary of the Effective Date) of the Master Agreement ("**Master Agreement Anniversary Date**") and ending twelve (12) months thereafter and each subsequent twelve-(12) month period of the Rental and/or Subscription Terms hereunder.

(b) **Terms and Conditions.** Customer will have the option to return all or part of the FMO Products each Contract Year; provided that Customer: (i) provides CareFusion with written notice at least ninety (90) days prior to the end of the Contract Year; (ii) signs the amendment to the Customer Orders memorializing Customer's exercise of the FMO Option ("**FMO Amendment**"); and (iii) timely complies with the terms of the FMO Amendment, including, without limitation, completion of the FMO Product return activities and payment of return shipping and any other applicable fees. Notwithstanding any term or condition to the contrary, in no event will an FMO Option: (a) apply to any Sold-To or Ship-To entity other than the entity (ies) designated above; (b) apply to any Third Party Product or Software listed on the Product Schedule; or (c) carry over to a subsequent Contract Year. The Rental, Support and/or Subscription Terms and Customer's obligation to pay Monthly Rental, Support and/or Subscription Fees for the FMO Products will terminate effective as of the date set forth in the FMO Amendment. The FMO Amendment will have no effect on any other Pyxis Products and Customer's payment obligations for such Pyxis Products will continue uninterrupted in accordance with the terms of the Customer Orders.

Will a Purchase Order be required for payment of the financial obligation proposed under this Customer Order?(Please Circle)

Yes

No

Rental PO#:

Support PO#:

Copies of this Customer Order will be sent to Ship To signer listed above.

When complete, additional copies will be sent to the following address:

Name:

Street Address:

City,St.,Zip:

Each person signing this document represents that he/she intends to and has the authority to bind his/her respective Party to the Rental Customer Order and the separate Support Customer Order.

BEAR VALLEY COMMUNITY HOSPITAL INC

Sign:

Print:

Title:

Date:

This Customer Order is not valid until executed by both Customer and CareFusion Solutions, LLC.

CAREFUSION SOLUTIONS, LLC

ATTN: CONTRACTS, 3750 TORREY VIEW CT, SAN DIEGO, CA 92130

888.876.4287

Sign:

Print:

Title:

Date:

SALES ASSOCIATE:Loren Beck
Email: loren.beck@bd.com



Sold To: BEAR VALLEY COMMUNITY HEALTH CENTER #19996459
Ship To: BEAR VALLEY COMMUNITY HEALTH CENTER #19996459

GPO: HEALTHTRUST PURCHASING GROUP

Customer Order
Pyxis Product Schedule
Customer Order : 1000081871

Product Discounts:
GPO: 44 %
Support Discounts:
GPO: 20 %
Support Level: SVC / Advanced 24h
Rental and Support Term: 60 months

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 09/30/2017

| Current Products | | | | | New Products | | | | | | | | | | | |
|------------------|---|--------------------|-----------|-------------------|--------------|---------|-----------------------------------|--------|---------|-----|--------------------|-----------|-----------|---------------------|-----------|-----------|
| | | Monthly Rental Fee | | Proposed Location | Product ID | Rx/ Prs | | | | | Monthly Rental Fee | | | Monthly Support Fee | | |
| Serial Number | Product Name | Current | Support | | | | Product Name | P.Drws | Tr.Type | QTY | List | Net | Extended | List | Net | Extended |
| 12661943 | MEDSTATION,4000,MAIN,6-DRAWER | \$ 505.00 | \$ 128.00 | FHC | 323 | | MEDSTATION,ES,MAIN,2-DRAWER | 1 | UPU | 1 | \$ 435.00 | \$ 244.00 | \$ 244.00 | \$ 131.00 | \$ 105.00 | \$ 105.00 |
| 12748859 | MEDSTATION,4000,AUX,7-DRAWER | \$ 595.00 | \$ 61.00 | MEDSURG1 | 324 | | MEDSTATION,ES,AUX,7-DRAWER | 5 | UPU | 1 | \$ 858.00 | \$ 480.00 | \$ 480.00 | \$ 55.00 | \$ 44.00 | \$ 44.00 |
| 12748869 | MEDSTATION,4000,MAIN,6-DRAWER | \$ 680.00 | \$ 128.00 | ERPYSIS1 | 323 | | MEDSTATION,ES,MAIN,6-DRAWER | 4 | UPU | 1 | \$ 921.00 | \$ 516.00 | \$ 516.00 | \$ 124.00 | \$ 99.00 | \$ 99.00 |
| 12748894 | MEDSTATION,4000,MAIN,6-DRAWER | \$ 888.00 | \$ 136.00 | MEDSURG1 | 323 | Rx | MEDSTATION,ES,MAIN,6-DRAWER | 4 | UPU | 1 | \$ 1,161.00 | \$ 650.00 | \$ 650.00 | \$ 128.00 | \$ 102.00 | \$ 102.00 |
| 12748929 | MEDSTATION,4000,AUX,7-DRAWER | \$ 426.00 | \$ 61.00 | ERPYSIS1 | 324 | | MEDSTATION,ES,AUX,7-DRAWER | 5 | UPU | 1 | \$ 858.00 | \$ 480.00 | \$ 480.00 | \$ 55.00 | \$ 44.00 | \$ 44.00 |
| 12749801 | MEDSTATION,4000,AUX,TOWER,SGL | \$ 177.00 | \$ 40.00 | ERPYSIS1 | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 12752720 | OBS AUX,TALL,PS,V4,SGL,4DO EN,DOM | \$ 150.00 | \$ 40.00 | BEARVLYF CS | 343 | | MEDSTATION,ES,AUX,TOWER,SC | | UPN | 1 | \$ 215.00 | \$ 120.00 | \$ 120.00 | \$ 44.00 | \$ 35.00 | \$ 35.00 |
| 12757241 | OBS RM MANAGER SRM FLAT DOOR 25FT CABLE | \$ 83.00 | \$ 23.00 | ERPYSIS1 | 345 | | MED,SRM,FLATOFFSET,25FT,LT | | UPN | 1 | \$ 94.00 | \$ 53.00 | \$ 53.00 | \$ 22.00 | \$ 18.00 | \$ 18.00 |
| 13611139 | CONSOLE DTSVM SERVER DEMO/TEST | \$ 0.01 | \$ 0.00 | PHARMACY | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 13683659 | MEDSTATION,4000,CONSOLE | \$ 481.00 | \$ 273.00 | | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 168147 | DISK CD V2.01.5 PYXC BIO V3.0.0.10 | \$ 31.00 | \$ 0.00 | BEARVLYF CS | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 40264459 | CCE ENTERPRISE CORE SW LICENSE | \$ 0.00 | \$ 0.00 | IT SERVER ROOM | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 40264460 | CCE MEDSTATION SOLUTION SW LICENSE | \$ 0.00 | \$ 0.00 | IT SERVER ROOM | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 40264462 | Dell 410 RACK 2CPU V4.1 ESX MSC | \$ 0.01 | \$ 0.00 | IT SERVER ROOM | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 40264463 | INTF, MED,STD,NEW,ADT | \$ 0.01 | \$ 0.00 | IT SERVER ROOM | 129766-01 | | INTF, MED,STD,NEW,ADT | | SWR | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| 40264464 | INTF, MED, STD, NEW USAGE | \$ 0.01 | \$ 0.00 | IT SERVER ROOM | 129773-01 | | INTF, MED, STD, NEW USAGE | | SWR | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| 40264465 | INTF, MED,STD,NEW,PATIENT PROFILE | \$ 0.01 | \$ 0.00 | IT SERVER ROOM | 129812-01 | | INTF, MED,STD,NEW,PATIENT PROFILE | | SWR | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| 40265675 | KIT VM DVD VMDK CCE V1.0 WITH SQL2008 | \$ 0.00 | \$ 0.00 | IT SERVER ROOM | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 40268410 | KIT VM SECMOD V2.0.1 | \$ 0.01 | \$ 0.00 | IT SERVER ROOM | | | RETURN TO CAREFUSION | | CNL | | | | | | | |

Customer Initials: _____



Sold To: BEAR VALLEY COMMUNITY HEALTH CENTER #19996459
Ship To: BEAR VALLEY COMMUNITY HEALTH CENTER #19996459

GPO: HEALTHTRUST PURCHASING GROUP

Customer Order
Pyxis Product Schedule
Customer Order : 1000081871

Support Level: SVC / Advanced 24h
Rental and Support Term: 60 months

| The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 09/30/2017 | | | | | | | | | | | | | | | | |
|--|---------------------------------------|--------------------|-------------|-------------------|--------------|--------|--|--------|---------|-----|--------------------|-----------|-------------|---------------------|-----------|-----------|
| Current Products | | | | | New Products | | | | | | | | | | | |
| | | Monthly Rental Fee | | Proposed Location | Product ID | Rx/Prs | | | | | Monthly Rental Fee | | | Monthly Support Fee | | |
| Serial Number | Product Name | Current | Support | | | | Product Name | P.Drws | Tr.Type | QTY | List | Net | Extended | List | Net | Extended |
| 40268694 | KIT LICENSE VM SUPPORT DELL V1.0 | \$ 0.01 | \$ 0.00 | IT SERVER ROOM | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 40281523 | KIT VM DVD VMDK CCE V1.0 WITH SQL2008 | \$ 0.01 | \$ 0.00 | IT SERVER ROOM | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 40370899 | INTF, MED,STD,CONV,ADT | \$ 0.01 | \$ 0.00 | IT VM | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 40370900 | INTF, MED, STD, CONV USAGE | \$ 0.01 | \$ 0.00 | IT VM | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 40370901 | INTF, MED,STD,CONV, PATIENT PROFILE | \$ 0.01 | \$ 0.00 | IT VM | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| | | \$ 0.00 | \$ 0.00 | | 136448-01 | | ES VM Small Server w/SQL <15 Mains | | SWE | 1 | \$ 544.00 | \$ 305.00 | \$ 305.00 | \$ 159.00 | \$ 127.00 | \$ 127.00 |
| | | \$ 0.00 | \$ 0.00 | | 134781-01 | | Localized User/Form Mgmt Lic 1-10Mains | | SWE | 1 | \$ 56.00 | \$ 31.00 | \$ 31.00 | \$ 16.00 | \$ 13.00 | \$ 13.00 |
| | | \$ 0.00 | \$ 0.00 | | 136452-01 | | ES VM Test Server | | SWE | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| | | \$ 0.00 | \$ 0.00 | | 134567-01 | | CCE Enterprise SW Site license (100+) | | SWE | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.01 | \$ 0.00 | \$ 0.00 |
| | | \$ 0.00 | \$ 0.00 | | 136517-01 | | DELL 630 XL RACK ESXI V 5.5 HE | | EXP | 1 | \$ 127.00 | \$ 127.00 | \$ 127.00 | \$ 59.00 | \$ 59.00 | \$ 59.00 |
| | | \$ 0.00 | \$ 0.00 | KP Reporting | 136607-01 | | Hosted Data Services OPT IN | | EXP | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| | | \$ 0.00 | \$ 0.00 | FHC | 345 | | MED,SRM, ROUNDOFFSET,12FT,LT | | EXP | 1 | \$ 94.00 | \$ 53.00 | \$ 53.00 | \$ 22.00 | \$ 18.00 | \$ 18.00 |
| | | \$ 0.00 | \$ 0.00 | MEDSURG 1 | 345 | | MED,SRM, ROUNDOFFSET,12FT,LT | | EXP | 1 | \$ 94.00 | \$ 53.00 | \$ 53.00 | \$ 22.00 | \$ 18.00 | \$ 18.00 |
| 14065350 | MS4000 IM DOUBLE COL 7 DOOR SLD | \$ 488.00 | \$ 122.00 | MS SUPPLY | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| 14065351 | MS4000 IM DOUBLE COL 7 DOOR SLD | \$ 488.00 | \$ 122.00 | | | | RETURN TO CAREFUSION | | CNL | | | | | | | |
| | | \$ 0.00 | \$ 0.00 | ERPYSIS1 | 112-476-01 | | MEDSTATION 4000 HALF HEIGHT AUX - 2DR | | EXP | 1 | \$ 167.00 | \$ 94.00 | \$ 94.00 | \$ 39.00 | \$ 31.00 | \$ 31.00 |
| | | \$ 0.00 | \$ 0.00 | MEDSURG1 | 112-476-01 | | MEDSTATION 4000 HALF HEIGHT AUX - 2DR | | EXP | 1 | \$ 167.00 | \$ 94.00 | \$ 94.00 | \$ 39.00 | \$ 31.00 | \$ 31.00 |
| | | \$ 0.00 | \$ 0.00 | CII Software | 107-223 | | CII Safe, V7.X Desktop PC, Bio | | NEW | 1 | \$ 1,038.00 | \$ 581.00 | \$ 581.00 | \$ 117.00 | \$ 94.00 | \$ 94.00 |
| | | \$ 4,992.11 | \$ 1,134.00 | | | | | | | | | | \$ 3,881.00 | | | |

Customer Initials: _____

Total Monthly Rental & Support Fee:

\$4,719.00

All fees mentioned are in USD

Customer Initials: _____

Customer Information

| Sold To: | Ship To: | Bill To |
|--|-------------------------------------|------------------------------------|
| Legal Name: BEAR VALLEY COMMUNITY HOSPITAL INC | | Same as (Circle) Sold To: Ship To: |
| DBA: BEAR VALLEY COMMUNITY HEALTH CENTER | BEAR VALLEY COMMUNITY HEALTH CENTER | |
| Street Address: 41870 GARSTIN DR | 41870 GARSTIN DR | |
| City,St.,Zip: BIG BEAR LAKE, CA 92315 | BIG BEAR LAKE, CA 92315 | |
| Customer No. 19996459 | 19996459 | |

1. Customer Orders. Effective as of the date of both signatures below ("**Effective Date**"), this agreement is entered by and between CareFusion and Customer as separate and distinct agreements combined for administrative convenience for: (i) Rental Equipment and/or Software listed in the Product Schedule attached hereto and incorporated by this reference (each, a "**Pyxis Product**" and, collectively, the "**Pyxis Products**"); and (ii) Services applicable to the Pyxis Product (collectively, the "**Customer Orders**"). The Customer Orders will be governed by the Master Agreement and applicable Schedule(s) in effect between the Parties ("**Master Agreement**"). Any reference to a "Rental Term (s)" or "Rental Fee(s)" in relation to Software included as a Pyxis Product hereunder will alternately refer to "**Subscription Term(s)**" or "**Subscription Fee(s)**", respectively.

2. Footprint Modification Option. The Parties understand and agree that the Pyxis Products hereunder will be subject to the following option (hereafter, "**FMO Option**").

(a) **Definitions.** As used herein, (i) "**FMO Products**" will mean a subset of the Pyxis Products valued at up to twenty percent (20%) of the Modification Amount for each Contract Year; (ii) "**Modification Amount**" will mean the total annual Monthly Rental and/or Monthly Subscription Fees for the Pyxis Products set forth on the Product Schedule; and (iii) "**Contract Year**" will mean the twelve (12) month period beginning on the Effective Date (or the anniversary of the Effective Date) of the Master Agreement ("**Master Agreement Anniversary Date**") and ending twelve (12) months thereafter and each subsequent twelve (12) month period the Rental and/or Subscription Terms hereunder.

(b) **Terms and Conditions.** Customer will have the option to return all or part of the FMO Products each Contract Year; provided that Customer: (i) provides CareFusion with written notice at least ninety (90) days prior to the end of the Contract Year; (ii) signs the amendment to the Customer Orders memorializing Customer's exercise of the FMO Option ("**FMO Amendment**"); and (iii) timely complies with the terms of the FMO Amendment, including, without limitation, completion of the FMO Product return activities and payment of return shipping and any other applicable fees. Notwithstanding any term or condition to the contrary, in no event will an FMO Option: (a) apply to any Sold-To or Ship-To entity other than the entity(ies) designated above; (b) apply to any Third Party Product or Software listed on the Product Schedule; or (c) carry over to a subsequent Contract Year. The Rental, Support and/or Subscription Terms and Customer's obligation to pay Monthly Rental, Support and/or Subscription Fees for the FMO Products will terminate effective as of the date set forth in the FMO Amendment. The FMO Amendment will have no effect on any other Pyxis Products and Customer's payment obligations for such Pyxis Products will continue uninterrupted in accordance with the terms of the Customer Orders.

Will a Purchase Order be required for payment of the financial obligation proposed under this Customer Order?(Please Circle)

Yes

No

Rental PO#:

Support PO#:

Copies of this Customer Order will be sent to Ship To signer listed above.

When complete, additional copies will be sent to the following address:

Name:

Street Address:

City,St.,Zip:

Each person signing this document represents that he/she intends to and has the authority to bind his/her respective Party to the Rental Customer Order and the separate Support Customer Order.

BEAR VALLEY COMMUNITY HOSPITAL INC

CAREFUSION SOLUTIONS, LLC

ATTN: CONTRACTS, 3750 TORREY VIEW CT, SAN DIEGO, CA 92130
888.876.4287

Sign:

Sign:

Print:

Print:

Title:

Date:

Title:

Date:

This Customer Order is not valid until executed by both Customer and CareFusion Solutions, LLC.

SALES ASSOCIATE:Loren Beck
Email: loren.beck@bd.com

Sold To: BEAR VALLEY COMMUNITY HEALTH CENTER #19996459
 Ship To: BEAR VALLEY COMMUNITY HEALTH CENTER #19996459
 GPO: HEALTHTRUST PURCHASING GROUP

Product Discounts:
 GPO: 44 %
 Support Discounts:
 GPO: 20 %
 Support Level: SVC / Advanced 24h
 Rental and Support Term: 60 months

The fees stated in this Customer Order are offered by CareFusion for acceptance by the Customer for a period expiring on: 07/31/2017

| New Products | | | | | | | Rental Terms | | | Support Terms | | |
|-------------------|------------|--------|--|--------|---------|-----|--------------------|-----------|-------------|---------------------|-----------|-----------|
| | | | | | | | Monthly Rental Fee | | | Monthly Support Fee | | |
| Proposed Location | Product ID | Rx/Prs | Product Name | P.Drws | Tr.Type | QTY | List | Net | Extended | List | Net | Extended |
| Accute / Sniff | 347 | | SUPPLY,10,MAIN,DOUBLE | | NEW | 1 | \$ 471.00 | \$ 264.00 | \$ 264.00 | \$ 91.00 | \$ 73.00 | \$ 73.00 |
| ED | 347 | | SUPPLY,10,MAIN,DOUBLE | | NEW | 1 | \$ 471.00 | \$ 264.00 | \$ 264.00 | \$ 91.00 | \$ 73.00 | \$ 73.00 |
| ED | 318 | | SUPPLY,AUX,DOUBLE | | NEW | 1 | \$ 272.00 | \$ 152.00 | \$ 152.00 | \$ 44.00 | \$ 35.00 | \$ 35.00 |
| IT Supply | 133872-01 | | SKP 0, fewer than 10 mains | | NEW | 1 | \$ 150.00 | \$ 150.00 | \$ 150.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| IT Supply | 804 | | PSVM,SRVR,WITH,02,CLIENTS,V10 | | SWN | 1 | \$ 383.00 | \$ 214.00 | \$ 214.00 | \$ 346.00 | \$ 277.00 | \$ 277.00 |
| IT Supply | 129860-01 | | INTF, PERIOP,STD,NEW INTERFACE,ADT | | NEW | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| IT Supply | 129866-01 | | INTF, PERIOP,STD,NEW,BILLING | | NEW | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| IT Supply | 134111-01 | | INTF, PERIOP STD NEW WHOLESALE | | NEW | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| IT Supply | 136550-01 | | Supply v10 VM Test Server 2012 | | NEW | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| MS Supply | 135343-01 | | CCE Site (Covered under Enterprise Lic.) | | NEW | 1 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Remote Stock | 134174-01 | | JITRBDUs ENHANCED 20PK 2032 | | NEW | 3 | \$ 28.00 | \$ 16.00 | \$ 48.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Totals: | | | | | | | | | \$ 1,092.00 | | | \$ 458.00 |

Total Monthly Rental & Support Fee: **\$1,550.00**

All fees mentioned are in USD

Customer Initials: _____

This Master Agreement (this “Master Agreement”), effective as of the date of CareFusion’s signature below (the “Effective Date”), is entered into by and between CareFusion Solutions, LLC (together with its affiliates, “CareFusion”) and Bear Valley Community Healthcare District (“Customer”), each a “Party” and, collectively, the “Parties.” This Master Agreement consists of: (i) the General Terms and Conditions below, and (ii) all Schedules (as defined below) which are made a part of this Master Agreement either upon the Effective Date or at a later date upon the execution of an amendment.

The Parties agree as follows:

GENERAL TERMS AND CONDITIONS

1. ORDERING, DELIVERY, AND PAYMENT.

- 1.1 **Customer Orders.** The Parties may enter into various transactions for hardware (“Equipment”), software licenses, accessories, and other products (collectively, “Products”) and/or services (“Services”), which will be provided pursuant to these General Terms and Conditions, as supplemented by Schedules for specific Products and/or Services. CareFusion will set forth the Products and/or Services for each transaction in a customer order (“Customer Order”) and a Customer Order may have one or more attachments (each, a “Customer Order Attachment”). Each Customer Order will create a separate contract (each, a “Customer Agreement”), each of which will be deemed to incorporate by reference: (i) these General Terms and Conditions, (ii) any Schedule applicable to the Products and/or Services provided under such Customer Order, and (iii) any Customer Order Attachments.
- 1.2 **Schedules.** Each schedule identified on Exhibit A (“Schedule”) is attached to and incorporated by reference into this Master Agreement. Additional Schedules may be added to this Master Agreement by way of a written amendment. In the event of any conflict between the terms of a Schedule or a Customer Order Attachment and the terms of this Master Agreement, the terms of the Schedule or Customer Order Attachment will prevail. Capitalized terms in the Schedules and Customer Order Attachments shall have the same meaning as in these General Terms and Conditions and in the introductory paragraph above.
- 1.3 **Purchase Orders.** If CareFusion accepts a purchase order from Customer for Products and/or Services that are not identified in a Customer Order, then that purchase order will constitute a Customer Order under this Master Agreement, except that any conflicting or additional terms in the purchase order will have no force or effect.
- 1.4 **Delivery; Risk of Loss.** Products will be delivered FOB Origin, Freight Collect as soon as commercially reasonable after the Customer Order effective date, or as otherwise mutually agreed in writing.
- 1.5 **Acceptance.** A Product will be deemed accepted by Customer upon delivery or upon completion of the applicable CareFusion implementation Services, provided that such Product functions substantially in accordance with the specifications of its User Guide (defined below) (“Acceptance” or “Accepted”). Customer may reject a Product only if the Product fails to function substantially in accordance with the specifications of its User Guide. Upon completion of applicable Services, Customer will execute CareFusion’s standard confirmation form.
- 1.6 **Payment Terms.** Customer will pay all CareFusion invoices in full within thirty (30) days from invoice date.
- 1.7 **Late Charge.** If Customer does not pay an amount due by the due date, then CareFusion may impose a late charge on the unpaid amount at the rate of one and one-half percent (1.5%) per month or the highest rate allowed by the law (whichever is lower), prorated on a daily basis.
- 1.8 **Taxes.** Prices and fees for Products and/or Services do not include any taxes. Customer will pay when due any sales, use, rental, property, or other taxes or assessments of any kind (including, without limitation, withholding or value-added taxes) imposed by any federal, state, local or other governmental entity for Products and/or Services provided under this Master Agreement, excluding taxes based solely on CareFusion’s net income (collectively, “Taxes”). Customer will promptly reimburse CareFusion for any Taxes paid by CareFusion, and will hold CareFusion harmless from all claims and expenses arising from Customer’s failure to pay any such Taxes. If Customer is exempt from any Taxes, Customer will not be relieved of its obligation to pay such Taxes until Customer provides to CareFusion documentation sufficient to establish Customer’s tax-exempt status. Customer will immediately notify CareFusion in writing of any change in its tax status. If Customer’s exempt status is challenged by any jurisdiction, then Customer will: (i) immediately notify CareFusion; (ii) resolve the challenge; and (iii) hold CareFusion harmless from all claims and expenses related to any such challenge.

2. PRODUCT USE AND WARRANTY.

- 2.1 **User Guide and Service Manual.** CareFusion will provide to Customer one (1) copy (hard or electronic copy) of the then-current applicable user guide, user manual, or directions for use for each type of Product acquired by Customer (each, a “User Guide”), and one (1) hard copy of the service manual for each type of Alaris Equipment acquired by Customer. Customer may download from the CareFusion website additional copies of the service manual, as needed. Customer may use and reproduce any User Guide and service manual solely for Customer’s internal use.
- 2.2 **Warranty.** CareFusion warrants to Customer that for a period of ninety (90) days after Acceptance (except for Alaris Equipment and/or Software, which has a warranty period of one (1) year after Acceptance and Respiratory Equipment, which is subject to the warranty period set forth in the applicable User Guide), the Product will perform substantially in accordance with the specifications of its User Guide (the “Limited Warranty”). If a Product fails to perform substantially in accordance with the specifications of its User Guide during the applicable warranty period, then Customer will notify CareFusion in writing. In that case, as Customer’s sole remedy, CareFusion (at its option) will promptly repair or replace that Product, or any part or portion thereof. **EXCEPT FOR THE LIMITED WARRANTY DESCRIBED IN THIS SECTION, CAREFUSION DISCLAIMS AND EXCLUDES ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OR ARISING UNDER USAGE OF TRADE OR COURSE OF PERFORMANCE).** The Limited Warranty does not apply to any Product that does not perform substantially in accordance with the specifications of its User Guide because the Product: (i) has been modified, repaired or altered, except by CareFusion; (ii) has not been properly installed, used, handled, operated or maintained in accordance with any handling or operating instructions provided by CareFusion; (iii) has been subjected to physical or electrical stress, misuse, abuse, negligence, accidents, or causes beyond CareFusion’s reasonable control; or (iv) includes repair or service parts, add-ons, or disposables that are not manufactured or approved by CareFusion.
- 2.3 **Use of Products; Inspection.** Customer will use Products only: (i) for Customer’s internal business purposes and not for resale; (ii) in the manner described in the applicable User Guide; and (iii) in accordance with applicable laws and regulations. Customer will not export, re-export or modify any Product. Customer’s use of repair or service parts or disposables that are not manufactured or approved by CareFusion is at Customer’s own risk and may void the Limited Warranty stated in Section 2.2. Customer will not use any software with a Product which was not licensed from or approved by CareFusion. Upon reasonable advance notice by CareFusion, Customer will allow CareFusion to inspect Customer’s records regarding use of Products during Customer’s regular business hours to verify compliance with the licensing and other terms of this Master Agreement.

3. SOFTWARE, DATA, AND INTELLECTUAL PROPERTY OWNERSHIP.

- 3.1 **Software; Third Party Software.** “Software” means all CareFusion-owned software (e.g., application software, embedded and/or integrated software, interface software, custom drivers) and any related software owned by a third party (“Third Party Software”). CareFusion will license, not sell, Software. CareFusion and its licensors retain all ownership rights in Software.
- 3.2 **Software License.** Subject to the terms and conditions of this Master Agreement and applicable User Guide, CareFusion grants to Customer a limited, non-exclusive, non-transferable license to use Software at Customer’s site(s) (as set forth in the applicable Customer Order) during the applicable term, provided that all licensing of Third Party Software will be subject to the terms of the Third Party Software Schedule. Each license Customer acquires from CareFusion for use of the embedded Software is valid only for use with the particular unit of Product, identified by serial number, within which it is embedded. Each license granted to Customer is: (i) perpetual, unless a different license term is expressly set forth in the applicable Schedule or Customer Order under which the Software is licensed to Customer; and (ii) subject to termination pursuant to **Section 6.1** below.
- 3.3 **Software License Restrictions; Scope of Use.** Customer will not: (i) translate, disassemble, decompile, reverse engineer, alter, modify or create any derivative work of any portion of Software; (ii) make any copies of Software or its documentation, except one (1) copy for back-up or archival purposes; (iii) sell, assign, sublicense, distribute, rent, or otherwise transfer Software to a third party; (iv) separate integrated Software from any Product, or otherwise use integrated Software except as an integrated part of the applicable Product; or (v) unless otherwise approved in writing, use the Software in conjunction with any CareFusion-manufactured Product that was not provided to Customer by CareFusion or a CareFusion authorized party.. Without limiting the license restrictions in this Section and as an additional obligation, Customer will adopt and implement reasonable measures to guard against unauthorized use of Software. CareFusion may suspend or revoke user codes, or take other appropriate action, if CareFusion reasonably believes that a security violation has occurred. Scope of use restrictions for Software may be set forth in the applicable Customer Order. CareFusion will measure Customer’s scope of use periodically and additional fees will apply if the scope of use is exceeded. Upon CareFusion’s reasonable request (no more than once per year), Customer will provide CareFusion with relevant information to verify Customer’s scope of use. Customer will provide CareFusion with thirty (30) days

prior notice for any event affecting Customer's scope of use, such as acquisition of a hospital or construction of a new facility, so CareFusion can adjust Customer's scope of use.

- 3.4 **System Requirements.** For Software-only Products, Customer will use third-party Equipment meeting CareFusion's minimum system requirements (as specified by CareFusion in writing) and will protect its system and the Software from viruses, malware, and intrusion. Customer will perform applicable manufacturer recommended maintenance for such Equipment and maintain such Equipment at the version levels specified by CareFusion in writing.
- 3.5 **Data.** "Data" means, collectively, data contained in the Products, data created or stored through the use of Products, and/or data created or collected during the performance of Services. "Privacy Rule" means the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164, Subparts A and E. Subject to the Business Associate Schedule in effect between the Parties as of the Effective Date, Customer grants CareFusion the right to access and use Data for any lawful purpose, including, without limitation, research, benchmarking, and aggregate analysis (i.e., more than one hospital). If Data contains Protected Health Information as defined by 45 C.F.R. § 160.103, then CareFusion will use such Data in conformance with the Privacy Rule and, before disclosing such Data, de-identify such Data pursuant to 45 C.F.R. § 164.514 and dissociate such Data from Customer.
- 3.6 **Intellectual Property Ownership.** All right, title and interest in the intellectual property embodied in the Products and related documentation (including, without limitation, all copyrights, patents, trademarks, trade secrets, trade names, and trade dress), as well as the methods by which the Services are performed and the processes that make up the Services, will belong solely and exclusively to CareFusion or the applicable supplier or licensor. Customer has no rights in any such intellectual property, except as expressly granted in this Master Agreement.

4. INDEMNIFICATION, LIMITATION OF LIABILITY, AND TERMINATION.

- 4.1 **Mutual Indemnification.** Subject to the terms in this Master Agreement, each Party ("Indemnifying Party") will (i) defend the other Party (the "Indemnified Party") against any demand, action, claim, suit or proceeding ("Claims") asserted against the Indemnified Party by a third party for losses, injuries, or damages caused by the Indemnifying Party's negligent acts or omissions, and (ii) indemnify the Indemnified Party for damages paid to the third party bringing the Claim.
- 4.2 **Intellectual Property Indemnity.** CareFusion will defend Customer against any claim filed in a court of competent jurisdiction in the United States brought by a third party against Customer alleging that a Product used by Customer in accordance with this Master Agreement (including, without limitation, all subparts of **Sections 2 and 3** of these General Terms and Conditions) infringes any U.S. patent, copyright, trade secret or other proprietary right of a third party (each, an "Infringement Claim"). As a condition to receiving the defense, Customer will provide written notice to CareFusion promptly after Customer receives actual notice of the Infringement Claim, will allow CareFusion to have sole control of the defense and any related settlement negotiations, and will provide reasonable cooperation upon request. CareFusion will: (i) pay any damages and costs assessed against Customer (or payable by Customer pursuant to a settlement agreement agreed to in writing by CareFusion) arising out of the Infringement Claim; and (ii) reimburse Customer for its reasonable costs and expenses associated with providing reasonable cooperation. If CareFusion determines that a Product might infringe a third party's intellectual property right, then CareFusion will have the option, at its expense and in its sole discretion, to promptly: (a) replace the Product with a substantially equivalent non-infringing Product, (b) modify the Product in a manner that does not substantially affect the performance of the Product, or (c) obtain a license to permit Customer to continue using the Product. This Section states Customer's exclusive remedy and CareFusion's total liability to Customer for an Infringement Claim.

5. LIMITATIONS OF LIABILITY; INSURANCE.

- 5.1 **Exclusion of Consequential Damages.** **NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES (INCLUDING, WITHOUT LIMITATION LOSS OF BUSINESS OR PROFITS), WHETHER BASED IN CONTRACT, TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE), OR OTHERWISE, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THESE LIMITATIONS OF LIABILITY WILL APPLY EVEN IF THERE IS A FAILURE OF THE ESSENTIAL PURPOSE OF ANY LIMITED REMEDY IN THIS MASTER AGREEMENT OR ANY CUSTOMER AGREEMENT.**
- 5.2 **Insurance.** CareFusion will maintain: (i) commercial general liability insurance including Customer as an additional insured, with per occurrence limits and aggregate limits (including, without limitation, any excess or umbrella coverage) of not less than \$2,000,000 and \$5,000,000, respectively; (ii) Products and Completed Operations insurance, and at Customer's written request including Customer as an additional insured with per occurrence limits and aggregate limits of not less than \$5,000,000 and \$5,000,000 respectively; (iii) professional errors and omissions insurance that contains cyber liability and privacy notification

insurance with per occurrence limits and aggregate limits of not less than \$1,000,000 and \$3,000,000; and (iv) workers' compensation insurance in compliance with statutory requirement and employers' liability insurance in an amount of not less than \$1,000,000 per occurrence. Notwithstanding the foregoing, the Parties understand and agree that CareFusion may self-insure for all or part of the insurance required hereunder. If any of the required policies are written on a claims-made basis, then such policies will be maintained for a period of not less than three (3) years following the termination or expiration of this Master Agreement.

6. TERMINATION.

- 6.1 **Termination for Cause.** Either Party may terminate for cause the then-remaining performance of any Customer Agreement upon written notice if the other Party: (i) fails to comply with any material term or condition of any agreement between the parties; and fails to cure such non-compliance within thirty (30) days (or within ten (10) days for any past due payment) after receipt of written notice providing full details of such non-compliance; (ii) terminates or suspends substantially all of its business activities; or (iii) becomes subject to any bankruptcy or insolvency proceeding. Upon any such termination, CareFusion may repossess Equipment subject to any outstanding payment obligations. Notwithstanding the foregoing, Customer's obligation to pay for any Products that it has Accepted will not be affected by any termination under this Section.
- 6.2 **Termination without Cause.** Either Party may terminate this Master Agreement upon thirty (30) days written notice if there are no payments due and no other obligations yet to be performed under any Customer Agreement.

7. COMPLIANCE WITH LAWS AND POLICIES.

- 7.1 **Compliance with Laws.** Each Party will comply fully with all applicable federal and state laws and regulations, including but not limited to export laws and regulations of the United States.
- 7.2 **Equal Opportunity.** The Parties shall comply with the following equal opportunity clause: **To the extent not exempt, the Parties shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.**
- 7.3 **Discounts.** If any discount, credit, rebate or other Product incentive is paid or applied by CareFusion regarding the Products, then it is a "discount or other reduction in price" pursuant to the Medicare/Medicaid Anti-Kickback Statute. Each Party will comply with the "safe harbor" regulations stated in 42 C.F.R. § 1001.952(h).
- 7.4 **Proper Reporting of Discounts and Pricing.** The prices under a Customer Agreement may reflect "discounts or other reduction in price" as that term is used in the "safe harbor" regulations in the Medicare/Medicaid Anti-Kickback Statute, 42 C.F.R. § 1001.952(h). The Parties hereto shall: (i) comply with all applicable laws and regulations relating to the accounting, application, and proper reporting of discounts and pricing under the Customer Agreement, including but not limited to the requirements of the discount "safe harbor" located at 42 C.F.R. § 1001.952(h); (ii) properly report and appropriately reflect all prices paid under the Customer Agreement net of all discounts as required by applicable laws and regulations, including but not limited to on Medicare, Medicaid and state agency cost reports; and (iii) retain a copy of the Customer Agreement and all other documentation regarding the Customer Agreement, together with the invoices for purchase of Products thereunder and shall permit representatives of the U.S. Department of Health & Human Services or any relevant state agency access to such records upon request.
- 7.5 **Access to Records.** For a period of four (4) years after CareFusion has completed performance under a Customer Agreement, CareFusion will make available, upon written request of the Secretary of the Department of Health and Human Services, or upon request of the Comptroller General of the United States, or any of their duly authorized representatives (collectively, the "Requesting Party"), this Master Agreement and any books, documents, and records necessary to certify the nature and extent of the costs paid by Customer to CareFusion under such Customer Agreement ("Access"). If CareFusion pays a subcontractor more than \$10,000 over a twelve (12)-month period to perform such Customer Agreement, then CareFusion will require such subcontractor to permit Access to the Requesting Party.
- 7.6 **Exclusion.** As of the Effective Date, CareFusion is not excluded from participation from any federally-funded health care program (including, without limitation, Medicare and Medicaid) (each, a "Program"). If CareFusion becomes excluded from any Program, then CareFusion will promptly notify Customer. Within thirty (30) days after receipt of such notice and subject to the satisfaction of any remaining payment or other obligations, Customer may cancel this Master Agreement by written notice.

Master Agreement

- 7.7 **Customer Policies.** CareFusion and its employees will comply with Customer's reasonable security rules, policies and procedures provided in writing and agreed to in advance by CareFusion ("Customer Policies"). Customer will notify CareFusion in writing of any material changes to Customer Policies. Any terms of the Customer Policies that are in addition to or conflict with this Master Agreement or any Customer Agreement (e.g., terms related to purchase, delivery, payment, or termination) will have no force or effect unless adopted via a written amendment to this Master Agreement signed by each Party.
- 7.8 **Responsibility for Medical Care.** CareFusion, through its employees and agents (collectively, "CareFusion Personnel"), is not responsible for the delivery of medical care or other services to any patients. Accordingly, Customer will not rely upon CareFusion Personnel to practice medicine or provide patient care.
8. **MISCELLANEOUS.**
- 8.1 **Performance.** Each Party will bear the cost of its performance of this Master Agreement and each Customer Agreement.
- 8.2 **Confidentiality.** Neither Party will disclose to a third party the terms of, nor issue any public statement regarding, this Master Agreement or any Customer Agreement without the other Party's prior written approval, except as required by law. If Customer receives a Freedom of Information Act or state open records law request relating to this Master Agreement or any Customer Agreement, Customer will promptly notify CareFusion and provide reasonable assistance in addressing such request.
- 8.3 **Force Majeure.** If a Party is reasonably prevented from performing an obligation because of fire, flood, wind, earthquake, explosion or other disaster, acts of military authorities, acts of civil authorities unrelated to any violation of law by the Party, war, riot, insurrection, act of terrorism or other cause beyond the Party's reasonable control (collectively, a "Force Majeure Event"), then that Party will not be in breach during the period that Party is prevented from performing that obligation, provided that the Party: (i) promptly delivers notice to the other Party identifying the Force Majeure Event; and (ii) immediately uses reasonable efforts to perform the obligation notwithstanding the Force Majeure Event.
- 8.4 **Assignment.** Neither Party may assign any rights or obligations under this Master Agreement or any Customer Agreement without the other Party's prior written consent, which will not be unreasonably withheld; provided, however, that either Party may with notice assign all of such Party's rights and obligations without the other Party's consent: (i) to an affiliate; or (ii) incident to the transfer of all or substantially all of such Party's business assets related to the subject matter of the applicable Customer Agreement.
- 8.5 **Notices.** Any notice from one Party to the other Party under this Master Agreement or any Customer Agreement will be in writing and will be deemed to be given: (i) upon delivery, if by hand or by overnight courier; or (ii) three (3) days after mailing, if by certified or registered mail to the receiving Party's Notice Address below. Either Party may change its Notice Address upon written notice to the other Party.
- 8.6 **Severability.** If a court or other body of competent jurisdiction declares any term of this Master Agreement or any Customer Agreement invalid or unenforceable, then the remaining terms will continue in full force and effect.
- 8.7 **No Waiver.** No right created by this Master Agreement or any Customer Agreement will be deemed waived unless specifically and expressly waived in a writing signed by the Party possessing the right.
- 8.8 **Governing Law.** This Master Agreement and each Customer Agreement will be governed by the laws of the State identified in Customer's Notice Address below, without reference to its conflict of laws principles.
- 8.9 **Prevailing Party.** The prevailing Party will be entitled to reasonable attorneys' fees, costs and expenses for any claim against the other Party under this Master Agreement or any Customer Agreement.
- 8.10 **Survival.** The obligations set forth in this Master Agreement and each Customer Agreement that by their nature continue and survive will survive any termination or expiration of this Master Agreement.
- 8.11 **Entire Agreement; Amendment.** This Master Agreement and each Customer Agreement sets forth the entire agreement and understanding of the Parties and supersedes all prior written and oral agreements, representations, proposals, and understandings between the Parties regarding the subject matter of this Master Agreement and each Customer Agreement, except that no prior Confidential Disclosure Agreement or contract of a similar nature will be superseded. Any requests for information, requests for proposal, responses to requests for proposals, sales collateral and other information provided by either Party are not binding unless explicitly incorporated by reference into a Customer Order signed by each Party. No modification to this Master Agreement or any Customer Agreement will be effective unless adopted via a written amendment to the same signed by each Party.

Master Agreement

Each person signing below represents that he/she intends, and has the authority, to bind his/her respective Party to this Master Agreement.

BEAR VALLEY COMMUNITY HEALTH CENTER

CAREFUSION SOLUTIONS, LLC

Notice Address:
Address: 41870 Garstin Dr
City, State Zip: Big Bear Lake, CA 92315

Notice Address:
3750 Torrey View Court
San Diego, CA 92130

State of Incorporation:

State of Incorporation: Delaware

By:

By:

Print:

Print:

Title:

Title:

Date:

Effective Date:

Exhibit A
List of Schedules

| Product Line (if applicable) | Schedules |
|--|------------------------|
| General | Equipment Rental Terms |
| General | Third Party Software |
| General | Business Associate |
| Pyxis™ | Implementation Terms |
| Pyxis | Support Terms |

The below terms apply to Customer's rental of Rental Equipment (defined below) pursuant to applicable Customer Agreements between the Parties in accordance with Section 1.2 of the Master Agreement.

- 1. Definitions.** "Rental Equipment" means the integrated hardware and software Products that Customer is renting pursuant to a Customer Order.
- 2. Rental Term.** The "Rental Term" for Rental Equipment equals the time period that CareFusion leases Rental Equipment to Customer pursuant to the applicable Customer Agreement. CareFusion (or its assignee) is the owner of Rental Equipment and Customer is only acquiring a right to possess and use Rental Equipment during the Rental Term, and no other right, title or interest. Title will not transfer to Customer at the end of the Rental Term. The initial Rental Term for Rental Equipment will begin on the Term Begin Date stated in the applicable Implementation Timeline and will continue for the number of months stated in the applicable Customer Agreement, provided that, if there is no Term Begin Date in an Implementation Timeline, then the Term Begin Date will be the first day of the month following the date such Rental Equipment is Accepted. Unless a Party provides sixty (60) days' prior written notice of its intention not to extend the Rental Term, the Rental Term will continue on a month-to-month basis ("Extended Term") at the applicable Rental Fee stated in the then-current Pyxis™ products price catalog. Either Party may terminate the Extended Term upon thirty (30) days' prior written notice.
- 3. Rental Fees.** Customer will pay the Monthly Rental Fee stated in the applicable Customer Order ("Monthly Rental Fee") for each unit of Rental Equipment on the first day of each month during the Rental Term, which obligation is unconditional and non-cancelable. Customer is not entitled to abate or reduce any Monthly Rental Fee for any reason. Customer will pay the Monthly Rental Fee when due regardless of any existing or future setoff or claim that Customer may assert. Additionally, Customer will not assert any setoff or counterclaim against a CareFusion assignee if such assignee commences an action to collect any amount due under the applicable Customer Order.
- 4. Risk of Loss.** From the time Customer receives delivery of Rental Equipment until CareFusion accepts return delivery of Rental Equipment, Customer will: (i) be responsible for any loss of or damage to Rental Equipment from any cause other than normal wear and tear, except for any loss or damage caused by CareFusion's negligence; and (ii) obtain and maintain throughout the Rental Term All Risk Property Insurance in an amount equal to the full replacement value for Rental Equipment. Customer will notify CareFusion immediately of any such loss or damage, and will continue to pay Monthly Rental Fee; provided, however, that CareFusion will reasonably cooperate with Customer and Customer's insurer to promptly provide replacement Rental Equipment, subject to Section 13 of the Support Terms Schedule.
- 5. Personal Property.** All Rental Equipment is personal property for all purposes. Customer will not allow any Rental Equipment to become a fixture of real property. Customer will take appropriate action as necessary to prevent any third party from acquiring any interest in Rental Equipment or the applicable Customer Order. In addition to performing its obligations under the Taxes provision of the Master Agreement, Customer will reimburse CareFusion for any personal property tax imposed on CareFusion as the lessor.
- 6. Use, Maintenance and Repair of Rental Equipment.** Customer will keep and use Rental Equipment only at the delivery address set forth in the Customer Order and will not move it without CareFusion's prior written consent. Customer will allow only competent and duly qualified personnel to operate Rental Equipment. Customer will keep Rental Equipment in good condition and working order, and will allow CareFusion to make engineering changes and Software updates upon reasonable request. Customer will keep all Rental Equipment free and clear of all liens, adverse claims and encumbrances.
- 7. Return of Rental Equipment.** If Customer relinquishes possession of any Rental Equipment for any reason (including at the end of the Rental Term), then Customer will: (i) promptly remove all medications, data, and Customer property from such Rental Equipment without damaging such Rental Equipment; (ii) acknowledge receipt of any data device that CareFusion removes from Rental Equipment and tenders to Customer; and (iii) promptly and properly crate and ship Rental Equipment to CareFusion.
- 8. Assignment.** Notwithstanding the non-assignment language in the General Terms and Conditions of the Master Agreement, CareFusion may assign, transfer, grant a security interest in, or sell some or all of CareFusion's right to receive payments under a Customer Agreement without Customer's consent (an "Assignment"). Upon an Assignment: (i) Customer will not hold any CareFusion assignee liable for any CareFusion obligation under the applicable Customer Agreement; (ii) the rights of such assignee will not be subject to any claims, counterclaims, defenses or setoffs of any kind whatsoever; (iii) Customer will cooperate with and consent to an Assignment by executing and delivering documents and assurances that CareFusion or its assignee reasonably requests; (iv) Customer will, if requested, make payments due under the applicable Customer Agreement directly to such assignee; and (v) all of Customer's obligations will inure to the benefit of such assignee as well as to CareFusion, and may be enforced by such assignee in its own name or by CareFusion.

9. Termination by CareFusion for Cause. Notwithstanding the termination provisions of the Master Agreement, if Customer fails to: (i) pay any amount required by the applicable Customer Agreement within ten (10) days after CareFusion provides written notice to Customer stating that the payment is past due; or (ii) correct any other non-compliance with the applicable Customer Agreement within thirty (30) days after CareFusion provides written notice to Customer identifying such non-compliance, then CareFusion may, to the extent permitted by applicable law and in addition to and without prejudice to any other remedy available at law or equity: (a) cancel one or more Rental Term(s) and require Customer to make the applicable Rental Equipment available for repossession by CareFusion at a reasonably convenient location; and/or (b) recover liquidated damages from Customer equal to the present value of the unpaid balance of all Monthly Rental Fees for each unexpired Rental Term under the applicable Customer Agreement (calculated using a discount rate of six percent (6%) per annum).

10. Conditional Security Agreement. If a Customer Agreement is determined not to constitute a true lease, then the Customer Agreement will be a security agreement with respect to Rental Equipment and all accessions, substitutions, replacements therefore, and proceeds thereof (including insurance proceeds) will secure all obligations pursuant to the Customer Agreement.

This Schedule governs Customer's access to and use of software or databases owned by a third party (collectively referred to as "Third Party Software"). Customer's right to use such Third Party Software, and the Products which contain them, is subject to compliance with the Master Agreement between the Parties and these terms. In the event of any conflict between these terms and those of any End User License Agreement that may be presented in electronic form during use of the Third Party Software, these terms shall take precedence.

1. GENERAL TERMS AND CONDITIONS APPLICABLE TO ALL THIRD PARTY SOFTWARE

1.1 Ownership. Third Party Software is licensed, not sold, by CareFusion to Customer. All title and intellectual property rights in and to Third Party Software (including, but not limited to, code sequence, logic, structure and screens) and documentation, and in and to any improvements, enhancements, updates, or upgrades thereto, including concepts and technology inherent in Third Party Software, are and at all times shall remain, the sole and exclusive property of a third party and/or its affiliates ("Third Party"). Third Party Software is protected by copyright laws as well as other intellectual property laws and treaties. Customer's possession, use, or access to Third Party Software does not transfer any ownership of Third Party Software nor any intellectual property rights to Customer. All rights not expressly granted under this Schedule are reserved by CareFusion or Third Party. Nothing contained in this Schedule shall be construed directly or indirectly to assign or grant to Customer any right, title or interest in or to trademarks, service marks, copyrights, patents, or trade secrets of Third Party, or any ownership rights in or to the Third Party Software.

1.2 Use. Customer may use Third Party Software only in conjunction with Products and Services provided to Customer by CareFusion, and not as a stand-alone product. The license granted herein does not include a license to use the Third Party Software for development, testing or support purposes.

1.3 Copies. Customer may not make any copies of Third Party Software for any purpose unless expressly authorized by CareFusion. Customer must erase or destroy all Third Party Software upon notice from CareFusion.

1.4 Restrictions. Except as permitted by applicable law, Customer shall not:

- (a) work around any technical limitations in Third Party Software;
- (b) reverse engineer, de-compile, translate, disassemble or otherwise attempt to derive source code from the Third Party Software, in whole or in part (or in any instance where the law permits any such action, Customer shall provide CareFusion at least ninety (90) days advance written notice of its belief that such action is warranted and permitted, and shall provide CareFusion (in conjunction with Third Party) with an opportunity to evaluate if the law's requirements necessitate such action);
- (c) allow access or permit use of the Third Party Software by any user other than that permitted by CareFusion in Customer's license agreement with CareFusion;
- (d) modify or create derivative works based upon Third Party Software;
- (e) publish Third Party Software, or post any portion of it on public bulletin boards, websites, Internet domains, or online chat rooms;
- (f) sell, rent, lease, lend, license, sublicense or otherwise transfer, in whole or in part, Third Party Software or related documentation to any third party;
- (g) use Third Party Software in connection with, through or to an application service provider, or using other similar network hosting methods;
- (h) alter, remove or destroy and will take commercially reasonable steps to prevent the alteration, removal or destruction of, any Third Party copyright notice, trade secret or other proprietary rights notice from Third Party Software

Customer shall provide the same level of security for Third Party Software as it provides for its own products, but in no event less than reasonable care, to prevent third parties from performing such activities.

1.5 Internet-Based Services. Third Party Software may contain components that enable and facilitate the use of certain Internet-based services. Customer acknowledges and agrees that Third Party may automatically check the version of Third Party Software and/or its components that Customer is using and may provide upgrades or supplements to Third Party Software which may be automatically downloaded. No personally-identifiable information will be obtained through these services.

1.6 No Warranties. THIRD PARTY SOFTWARE IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND. CAREFUSION AND THIRD PARTY EXCLUDE AND DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, REGARDING THIRD PARTY SOFTWARE, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

1.7 Liability Limitations. Customer agrees that, regardless of the form of any claim, neither CareFusion nor Third Party has any liability for damages, whether direct, consequential, special, punitive, indirect or incidental, for anything related to Third Party Software. This limitation also applies even if CareFusion or Third Party should have been aware of the possibility of damages.

1.8 Termination. Without prejudice to any other rights, CareFusion may terminate this license to use Third Party Software if Customer fails to comply with the terms of this Schedule.

1.9 Export Restrictions. Third Party Software is subject to United States export laws and regulations. Customer must comply with all applicable domestic and international export laws and regulations, including (without limitation) restrictions on destinations, end users and end use.

1.10 U.S. Government Use. Third Party Software is a “commercial component” consisting of “commercial computer software” and “commercial computer software documentation,” as such terms are defined in Title 48 of the Code of Federal Regulations. Any use of Third Party Software by the U.S. Government shall be subject to the terms of CareFusion’s applicable Government FSS agreement.

2. ADDITIONAL TERMS AND CONDITIONS APPLICABLE ONLY TO LEXI-COMP LICENSED DATABASES

2.1 Limited Right to Print Articles. Customer may print out individual articles containing only insubstantial portions of the Lexi-Comp Licensed Databases (“Databases”) for Customer’s personal educational use as long as Customer includes a source reference to Lexi-Comp and its copyright notice.

2.2 Updates. If Customer has purchased a Pyxis MedStation™ 3000, 3500 or 4000 system, CareFusion shall provide quarterly updates to the Databases at no additional cost. Other Customers may contact Lexi-Comp directly to procure updated data sets. Customer is responsible for installing any updates.

2.3 Use of Professional Judgment. Customer should consult a variety of information sources before making any treatment decision. Customer should check the product information sheet accompanying each drug or medication to verify conditions of use, and should identify any changes in dosage schedule or contraindications. Information in the Databases is not a substitute for individual patient assessment based upon Customer’s examination of each patient and consideration of laboratory data and other factors unique to the patient. Customer bears full responsibility for the appropriate use of the information contained in the Databases.

In the performance of one or more agreements between CareFusion and Customer related to the collection of data (each, a “Data-Related Agreement”), CareFusion might receive protected health information, as defined by 45 C.F.R. §160.103, from or on behalf of Customer (collectively, “PHI”). The purpose of this Schedule is to permit CareFusion and Customer to comply with the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. part 160 and part 164, subparts A and E (“Privacy Rule”), the Standards for Security of Individually Identifiable Health Information at 45 C.F.R. part 160 and part 164, subparts A and C (“Security Rule”), the HIPAA Omnibus Rule at 45 C.F.R. part 160 and 45 C.F.R. part 164 (“Omnibus Rule”), and the Health Information Technology for Economic and Clinical Health Act (Division A, Title XIII and Division B, Title IV, of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) (the “HITECH Act”).

Definitions

Capitalized terms used, but not otherwise defined, in this Schedule shall have the same meaning as those terms in 45 C.F.R. §§160.103, 164.304, 164.402 and 164.501, unless otherwise indicated.

Schedule

- 1. Permitted Uses and Disclosures of PHI.** CareFusion shall not use or further disclose PHI except: (a) as permitted or required by this Schedule; (b) as “Required By Law,” as that phrase is defined in 45 C.F.R. §164.103; or (c) as otherwise expressly agreed to in writing by Customer; and (d) consistent with Customer’s policies and procedures regarding the minimum necessary use and disclosure of PHI. Except as otherwise limited in this Schedule, CareFusion may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Customer pursuant to the Data-Related Agreements, provided that to the extent CareFusion carries out any of Customer’s obligations under the Privacy Rule, CareFusion shall comply with the requirements of the Privacy Rule that apply to Customer in the performance of its obligations.
- 2. Minimum Necessary.** In conducting functions and/or activities under the Data-Related Agreements and this Schedule that involve the use and/or disclosure of PHI, CareFusion shall make reasonable efforts to limit the use and/or disclosure of PHI to the minimum amount of information necessary as determined by Customer to accomplish the intended purpose of the use or disclosure.
- 3. Protection of PHI.** CareFusion shall use appropriate safeguards to prevent use or disclosure of PHI other than as permitted by this Schedule.
- 4. Reporting.** CareFusion shall report to Customer any use or disclosure of PHI not provided for by this Schedule of which CareFusion becomes aware, including any Security Incident. CareFusion shall promptly report to Customer any Breach consistent with the HITECH Act.
- 5. Mitigation.** CareFusion shall mitigate, to the extent practicable, any harmful effect that is known to CareFusion of a use or disclosure of PHI by CareFusion in violation of this Schedule.
- 6. Subcontractors and Agents.** CareFusion agrees to ensure that any subcontractors and agents to whom it provides PHI received from, or created, or received by, CareFusion on behalf of Customer agree in writing to the same restrictions and conditions set forth in the business associate provisions of the HIPAA that apply through this Agreement to CareFusion with respect to such information [45 C.F.R. §164.504(e)(2)(ii)(D)], including without limitation, compliance with both the HIPAA Privacy Rule and the HIPAA Security Rule, and protecting the security of electronic PHI.
- 7. Accounting to HHS.** CareFusion shall make its internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of Health and Human Services (“Secretary”), in a time and manner designated by Customer or the Secretary, for purposes of the Secretary determining Customer’s compliance with the Privacy Rule, the Security Rule and the HITECH Act.
- 8. Documentation of Disclosures.** CareFusion shall document and maintain documentation of such disclosures of PHI and information related to such disclosures as would be required for Customer to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. §164.528.
- 9. Accounting of Disclosures.** If Customer receives a request from an individual pursuant to 45 C.F.R. §164.528 for an accounting of Customer’s disclosures of the individual’s PHI and, in the course of attempting to satisfy the individual’s request, Customer provides a written request to CareFusion, then CareFusion shall promptly provide Customer the information required to be included in an accounting pursuant to 45 C.F.R. §164.528(b)(2) for CareFusion’s disclosures of PHI that are subject to an accounting pursuant to 45 C.F.R. §164.528(a)(1).
- 10. Designated Record Set.** To the extent CareFusion maintains PHI in a “Designated Record Set,” as that term is defined by 45 C.F.R. §164.501, CareFusion agrees to provide access, at the request of Customer, and in a reasonable time and manner, to PHI in a Designated Record Set to Customer in order for Customer to meet the requirements under 45 C.F.R. §165.524. If applicable, CareFusion agrees to make any amendment(s) to PHI in a Designated Record Set that Customer directs or agrees to pursuant to 45 C.F.R. §164.526 at the request of Customer and in a reasonable time and manner.

- 11. De-identification of PHI.** CareFusion may de-identify PHI pursuant to 45 C.F.R. §164.514 and use the de-identified information for any lawful purpose. CareFusion's use and disclosure of such de-identified personal information will not be subject to the requirements set forth in this Schedule.
- 12. Data Aggregation.** If CareFusion provides data aggregation services to Customer, CareFusion may use PHI to provide Data Aggregation services to Customer as permitted by 45 C.F.R. §164.504(e)(2)(i)(B).
- 13. Right to Terminate for Material Breach.** Customer may terminate this Schedule, and CareFusion's right and ability to continue to access PHI pursuant to a Data-Related Agreement, if CareFusion violates a material term of this Schedule. Customer may exercise such termination right by providing notice to CareFusion stating the basis for termination. Customer may choose to provide CareFusion with an opportunity to cure the breach. If CareFusion does not cure the breach within a reasonable period, not to exceed thirty (30) days, then Customer may immediately terminate the applicable Data-Related Agreement which gave rise to the violation. If neither termination nor cure is feasible, Customer may report the violation to the Secretary. Termination of a Data-Related Agreement pursuant to this Section shall have no effect upon any right or obligation created by any other written agreement between CareFusion and Customer, except as otherwise provided herein.
- 14. Return or Destruction of PHI.** Upon termination of any Data-Related Agreement for any reason, CareFusion shall either return or destroy all PHI received from Customer, or created, maintained or transmitted on behalf of Customer. This provision shall apply to all such PHI in the possession of subcontractors or agents of CareFusion. CareFusion shall retain no copies of the PHI. If CareFusion determines that returning or destroying PHI is infeasible, then CareFusion shall explain to Customer the conditions that make return or destruction of the PHI infeasible. Upon mutual agreement that return or destruction of PHI is infeasible, CareFusion shall extend the protections of this Schedule to such PHI and limit further uses and disclosures of such PHI to those purposes that makes the return or destruction infeasible, for so long as CareFusion maintains the PHI.
- 15. Electronic PHI Safeguards.** To the extent CareFusion creates, receives, maintains or transmits electronic PHI ("e-PHI") on behalf of Customer, CareFusion shall comply with the Security Rule and shall:
- (a) implement administrative, physical and technical Safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of e-PHI, in accordance with the Security Rule; and
 - (b) ensure that any agent, including a subcontractor, that creates, receives, maintains or transmits e-PHI on CareFusion's behalf will (i) implement reasonable and appropriate Safeguards to protect e-PHI; and (ii) comply with any applicable requirement of the Security Rule.
- 16. Conformance with Modification of HIPAA or Regulations.** If an amendment to or modification of HIPAA or its implementing regulations, including the Privacy Rule and the Security Rule, requires modification of this Schedule to permit Customer or CareFusion to remain in compliance with HIPAA and its implementing regulations or the HITECH Act during the term of this Schedule, then CareFusion and Customer shall enter into good faith negotiations to amend this Schedule to conform to any change required by such amendment or modification. Notwithstanding the foregoing, if Customer and CareFusion have not amended this Agreement to address a law or final regulation that becomes effective after the Effective Date and that is applicable to this Agreement, then upon the effective date of such law or regulation (or any portion thereof) this Agreement shall be amended automatically and deemed to incorporate such new or revised provisions as are necessary for this Agreement to be consistent with such law or regulation and for Customer and CareFusion to be and remain in compliance with all applicable laws and regulations.
- 17. Interpretation.** Any ambiguity in this Schedule shall be resolved in favor of a meaning that permits Customer and CareFusion to comply with HIPAA, the Privacy Rule, the Security Rule and the HITECH Act.
- 18. No Third Party Beneficiaries.** No provision of this Schedule is intended to nor shall confer any right, remedy, obligation or liability upon any person or entity other than Customer and CareFusion and their respective permitted successors or assigns.
- 19. Term.** The Term of this Schedule shall begin on the effective date of the first Data-Related Agreement entered into by the Parties and shall continue until terminated in accordance with Section 13 of this Schedule, or until the final Data-Related Agreement between the Parties has terminated and all PHI is destroyed or returned to Customer in accordance with Section 14.
- 20. Survival.** The obligations of CareFusion pursuant to this Schedule shall survive the termination, cancellation or expiration of any Data-Related Agreement.
- 21. Primacy.** To the extent that any provisions of this Schedule conflict with the provisions of any other agreement or understanding between CareFusion and Customer, this Schedule shall control with regard to the subject matter of this Schedule.
- 22. Independent Contractors.** No provision of this Schedule is intended to create, nor shall be deemed or construed to create, any employment, agency or joint venture relationship between Customer and CareFusion other than that of independent entities contracting with each other hereunder solely for the purpose of effectuating the provisions of this Schedule. None of the parties nor any of their

respective representatives shall be construed to be the agent, employer or representative of the other. The parties have reviewed the factors to determine whether an agency relationship exists under the federal common law of agency and it is not the intention of either CareFusion or Customer that CareFusion constitute an “agent” under such common law.



Schedule Pyxis™ Products Implementation Terms

These terms apply to implementation services for Pyxis™ Equipment and Pyxis Software Products (collectively, “Pyxis Products”) provided by CareFusion to Customer pursuant to applicable Customer Agreements (or, if applicable, a Rental Agreement or Purchase Agreement) (each, a “Customer Agreement”) between the Parties.

1. Implementation Terms. These implementation terms (the “Implementation Terms”), together with the Implementation Timeline attached to a Customer Agreement, describe the process, tasks, responsibilities, completion criteria and deliverables for the Pyxis Products implementation project (“Project”).

1.1. **Overall Project.** The Project consists of the installation of the Pyxis Products at Customer’s site(s).

1.2. **Project Resources.** CareFusion and Customer agree to provide qualified resources throughout the duration of the Project.

2. Implementation Fees. Implementation Fees set forth in the applicable Customer Agreement, if any, will be invoiced upon execution of the Customer Agreement by both Parties.

3. Implementation Activities. The Project will be completed in stages as set forth in each Implementation Timeline. If a Customer Agreement contains multiple product lines, then separate Implementation Timelines may be included for each product line, as necessary. CareFusion and Customer will complete any applicable technical, infrastructure, and workflow assessment (“Implementation Assessment”) at Customer’s site(s), providing the basis for the implementation activities set forth herein and in each Implementation Timeline (“Implementation Activities”). CareFusion and Customer shall use commercially reasonable efforts to complete the Implementation Activities on or before the applicable Completion Date(s) set forth in the Implementation Timeline(s).

4. Medication Handling. CareFusion employees and agents (“CareFusion Personnel”) shall not handle Customer’s medications. Customer must be physically present and capable of observing CareFusion Personnel during any implementation activity in which CareFusion Personnel have access to Customer’s medications. If Customer fails to do so, then CareFusion may re-schedule that activity and, upon invoice, Customer will reimburse CareFusion for expenses related to re-scheduling that activity.

5. Term Begin Date. The “Term Begin Date” is set forth in the Implementation Timeline. If the Customer Agreement is for the rental of Pyxis Products, then the Rental Term for each Pyxis Product shall begin on the Term Begin Date. If the Customer Agreement is for the purchase of Pyxis Products, then Customer shall pay the Net Purchase Price for each Pyxis Product within thirty (30) days of the Term Begin Date. If, due to the sole fault of CareFusion, a Pyxis Product is not Accepted (as such term is defined in Section 1.5 (Acceptance) of the General Terms and Conditions of the Master Agreement) until after the Term Begin Date, then the Term Begin Date shall be the first day of the month following the date the Pyxis Product is Accepted. The applicable Completion Dates for the Pyxis Products under a Customer Agreement shall not exceed six (6) months from the Term Begin Date. Notwithstanding the foregoing, if a Pyxis Product is not Accepted by the Term Begin Date for any reason that, in CareFusion’s reasonable discretion, is not the sole fault of CareFusion (each, a “Delayed Product”), then Customer is nonetheless obligated to pay the applicable rental or purchase fee(s) on the Term Begin Date; provided, however, that if a Delayed Product has not been delivered or installed, then Customer may exchange the Delayed Product for an alternate Pyxis Product (“Alternate Product”) of equal or greater value as determined under the then-current Pyxis Product price catalog, subject to the following: (a) if the rental or purchase fee(s) applicable to the Alternate Product is greater than the fee(s) for the Delayed Product, then Customer will pay the difference in such fees in accordance with the terms of the applicable Customer Agreement; (b) Customer will pay any applicable transaction fees, including, without limitation, CareFusion’s costs of manufacturing, shipping and freight; and (c) if the Delayed Product has not been delivered to Customer, CareFusion may, at its sole option, cancel the Customer Agreement for that Pyxis Product.

If previously-installed Pyxis Products are being upgraded or subject to new terms and conditions, then the previously-applicable terms and conditions, including payment terms, for those products shall remain in full force and effect until the Term Begin Date, unless otherwise agreed to in writing by the Parties.

6. Conditions. The Completion Dates set forth in an Implementation Timeline are contingent upon CareFusion’s timely receipt of all properly executed contract documents from Customer prior to the applicable Completion Date and the provision of adequate Customer resources as outlined herein. If Customer fails to provide access or otherwise prevents CareFusion from conducting an Implementation Activity, then (i) CareFusion may adjust affected deadlines and re-schedule the activity, and (ii) Customer shall reimburse CareFusion for expenses incurred due to re-scheduling.

These terms apply to support services (“Support”) for Pyxis Equipment and Integral Software (as such term is defined below) (collectively, “Pyxis Products”) provided by CareFusion to Customer pursuant to the applicable Customer Order between the Parties in accordance with Section 1.2 of the Master Agreement. This Schedule does not apply to Software that is licensed separately by CareFusion under a Customer Order; provided, however, that if Software is commercially released or bundled by CareFusion as an integral part of the Pyxis Products under a Customer Order (“Integral Software”), then the terms of this Schedule will apply to the Integral Software.

1. Support Term. The “Support Term” for a Pyxis Product consists of the number of months stated in the applicable Customer Order, starting from the Term Begin Date stated in the applicable Implementation Timeline. If there is no Term Begin Date in an Implementation Timeline, then the initial Support Term will begin on the first day of the month after the Pyxis Product is Accepted. Unless a Party provides at least sixty (60) days’ prior written notice of its intention not to extend the Support Term, the initial Support Term will continue on a month-to-month basis (“Extended Term”) and the Monthly Support Fee will be based on the month-to-month rate set forth in the then-current Pyxis Product price catalog, less any applicable discounts. Either Party may terminate the Extended Term upon no less than thirty (30) days’ prior written notice.

2. Payment of Monthly Support Fees. Customer will pay the Net Monthly Support Fee stated in the Customer Order (“Monthly Support Fee”) on the first day of each month during the Support Term. CareFusion may increase the Monthly Support Fee once every twelve (12) months by no more than the Consumer Price Index for medical care plus two percent, provided the increase will be effective (i) upon at least ninety (90) days’ written notice to Customer and (ii) as of the anniversary date of the initial Support Term.

3. Terms Applicable to Product Support. The Customer Order identifies the Support Program (e.g., Standard, Advanced, or Elite) and product type (e.g., Pyxis Equipment or Integral Software). Customer’s and CareFusion’s responsibilities for Support of the Pyxis Products will vary according to the Support Program set forth below.

4. Properly Performing. During the Support Term, CareFusion and Customer, as applicable, will provide Support necessary to keep the Pyxis Products and CareFusion’s side of any applicable interfaces (“Interfaces”) performing in accordance with the material specifications of the applicable User Guide (“Properly Performing”). If CareFusion determines that a Pyxis Product cannot be made Properly Performing through repair services, then CareFusion will replace portions of the Pyxis Equipment or restore the functionality of the Integral Software, as needed. During any Extended Term, CareFusion will use commercially reasonable efforts to restore the functionality of any Pyxis Product which is not Properly Performing, but will have no obligation to replace Equipment or Integral Software.

5. Remote Support Services. CareFusion will provide remote support services (“RSS”) on a 24/7/365 basis through CareFusion’s Technical Support Center (“TSC”). To permit access to the Pyxis Product via RSS, Customer will provide high-speed Internet access and firewall modifications to enable connectivity, if applicable. If Customer’s system, connectivity, or personnel prevent CareFusion from performing RSS on a Pyxis Product, then: (i) any Guaranteed Response Time or Uptime (as defined below) applicable to that Pyxis Product will be void; and (ii) Customer will pay CareFusion on a time and materials basis for any onsite services. Customer will permit CareFusion to install and maintain at Customer’s site the applications necessary to allow the deployment of Updates and Upgrades (as defined below) by RSS. Where RSS is not practical and direct access to equipment is required, Customer will allow CareFusion such access.

6. Interface Modification. If CareFusion modifies an Interface between a Pyxis Product and Customer’s information system as part of Support, then Customer will test the modified Interface within seventy-two (72) hours. Customer’s sole remedy related to Interface functionality will be for CareFusion to modify the Interface to provide full functionality.

7. Replacement Parts. CareFusion will adjust and replace non-consumable parts in Pyxis Equipment, including Pyxis CUBIE™ Pockets, which are not Properly Performing for any reason other than an External Cause (as defined below). CareFusion will furnish replacement parts on an exchange basis.

8. Preventative Maintenance. CareFusion will perform onsite preventative maintenance of Pyxis Equipment in accordance with CareFusion’s then-current preventive maintenance schedule.

9. Procedure to Obtain CareFusion Support. Customer will promptly contact TSC by phone or through CareFusion’s on line support services portal if a Pyxis Product is not Properly Performing and Customer has attempted repair in accordance with applicable Customer Obligations as set forth below. TSC will work with Customer to perform initial troubleshooting. If the problem cannot be resolved in a timely manner through telephone and RSS, then Customer will allow CareFusion’s field service representative to perform onsite service. Within 72 hours of completion of any onsite service, Customer will test the connections between the Pyxis Product and Customer’s information system.

10. Standard Support Plan. If Customer elects CareFusion's Standard Support Plan, then the following terms will apply and the terms set forth under the Advanced Support Plan and Elite Support Plan will not apply.

10.1 Customer Obligations. Customer will be responsible for support of the following activities:

- (a) **Server Support.** Customer will provide services for (i) Customer's side of station and server network connectivity, (ii) customer-provided server hardware, and (iii) server-based, non-application related system performance and downtime, e.g., operating system, database issues, host system etc.
- (b) **System Requirements.** Customer will provide (i) station and server environment, e.g., power and plugs, etc., (ii) Customer data center and network availability, (iii) conformance with minimum server environment requirements for the Pyxis Product(s) as set forth in an applicable Hardware Requirements Schedule, and (iv) a virtual platform approved by CareFusion for all CareFusion-provided Virtual Machine deployments as set forth in an applicable Hardware Requirements Schedule.
- (c) **Peripherals.** Customer will provide support for all non-CareFusion provided peripheral products, e.g., mobile devices.
- (d) **Training Logistics.** CareFusion will inform Customer of training logistic requirements and Customer will provide appropriate resources, space and access to applicable system or equipment at the installation site to support training activities provided by CareFusion to Customer representatives.
- (e) **Virtual Machine (VM) Deployments.** For Integral Software deployed using VM technology, Customer will provide all services for (i) database backup and recovery, (ii) operating system patches, updates and security, and (iii) the performance of the applicable relational database server (e.g., MSSQL) instance for the Pyxis Product(s) as set forth in the hardware requirements.
- (f) **Active Directory.** For products that support Active Directory capability, Customer will provide integrated Active Directory services and user administration, e.g., passwords, user log-in, etc.
- (g) **Data Backup.** Where applicable, Customer will implement a network data backup capability that is remote to Pyxis Product(s) and in accordance with guidelines provided by CareFusion.
- (h) **Maintenance.** Customer will provide (i) basic product feature support for internal staff, including but not limited to general product use, facility-specific and general system settings and user log-in practices, (ii) basic hardware issue resolution, including drawer "jams" due to overfilling, cleaning of biometric identification devices, network cabling issues, and general equipment cleaning, and (iii) customer-specific network connectivity and configuration.
- (i) **Software Patching.** Customer will schedule and deploy CareFusion-approved software patches to servers (e.g., operating system, anti-virus, and product patches) for Pyxis Products that operate on the Pyxis ES technology platform ("Pyxis ES Products").

10.2 CareFusion Obligations. CareFusion will be responsible for the following Support activities:

- (a) **Maintenance.** CareFusion will provide 24/7/365 support for all Pyxis Products maintenance activities not covered under Section 10.1, Customer Obligations, including but not limited to, (i) all Pyxis Equipment break/fix activities that require a trained service technician for triage, troubleshooting and service part replacement; (ii) server application, (iii) defects in Pyxis Products (iv) station database and operating system services, (v) support for server hardware acquired from CareFusion, and (vi) Interfaces.
- (b) **Software Patching.** CareFusion will schedule and deploy CareFusion-approved software patches for products that are not the responsibility of Customer as set forth in Section 10.1 above (e.g., all stations, servers that are not maintained by Customer).
- (c) **Customer Training.** CareFusion will provide training one time to a mutually agreed-upon number of designated Customer personnel to perform the activities set forth under Section 10.1 above, Customer Obligations item (h) Maintenance.

11. Advanced Support Plan. If Customer elects the Advanced Support Plan, then the following terms will apply and the terms set forth under the Standard Support Plan and Elite Support Plan will not apply.

11.1 Customer Obligations. Customer will be responsible for Support of the following activities:

- (a) **Server Support.** Customer will provide services for (i) Customer's side of station and server network connectivity, (ii) customer-provided server hardware, and (iii) server-based, non-application related system performance and downtime, e.g., operating system, database issues, host system etc.
- (b) **System Requirements.** Customer will provide (i) station and server environment, e.g., power and plugs, etc., (ii) Customer data center and network availability, (iii) conformance with minimum server environment requirements for the Pyxis Product(s) as set forth in an applicable Hardware Requirements Schedule, and (iv) a virtual platform approved by CareFusion for all CareFusion-provided Virtual Machine deployments as set forth in an applicable Hardware Requirements Schedule.
- (c) **Peripherals.** Customer will provide support for all non-CareFusion provided peripheral products, e.g., mobile devices.
- (d) **Training Logistics.** CareFusion will inform Customer of training logistic requirements and Customer will provide appropriate resources, space and access to applicable system or equipment at the installation site to support training activities provided by CareFusion to Customer representatives.
- (e) **Virtual Machine (VM) Deployments.** For Integral Software deployed using VM technology, if the applicable relational database server (e.g., MSSQL) instance is not housed locally in the CareFusion-provided VM container, then Customer will facilitate services for (i) database backup and recovery activities (to the extent that Customer has met its obligations defined in Section 11.1 (g)), (ii) operating system patches, updates and security, and (iii) the applicable relational database server (e.g., MSSQL) instance. If the applicable relational database server instance is housed locally in the CareFusion-provided VM container then CareFusion shall have these obligations as set forth in Section 11.2 (e).
- (f) **Active Directory.** For products that support Active Directory capability, Customer will provide integrated Active Directory services and user administration, e.g., passwords, user log-in, etc.
- (g) **Data Backup.** Where applicable, Customer will implement a network data backup capability that is remote to Pyxis Product(s) and Integral Software and in accordance with guidelines provided by CareFusion.
- (h) **Maintenance.** Customer will provide (i) basic product feature support for internal staff, including but not limited to general product use, facility-specific and general system settings and user log-in practices, and (ii) customer-specific network connectivity and configuration.
- (i) **Software Patching.** Customer will schedule and deploy CareFusion-approved software patches to servers (e.g., operating system, anti-virus, and product patches) for Pyxis ES Products.

11.2 CareFusion Obligations. CareFusion will be responsible for the following Support activities:

- (a) **Maintenance.** CareFusion will provide 24/7/365 support for all Pyxis Products maintenance activities including but not limited to (i) basic product feature support, (ii) basic hardware issue resolution, including drawer jams, cleaning of biometric identification devices, and network cabling issues, (iii) all Pyxis Equipment break/fix activities that require a trained service technician for triage, troubleshooting and service part replacement, (iv) defects in Pyxis Products, (vi) station database and operating system services, (vii) support for server hardware acquired from CareFusion, and (viii) Interfaces.
- (b) **Software Patching.** CareFusion will schedule and deploy CareFusion-approved software patches for products that are not the responsibility of Customer as set forth in Section 11.1 above (e.g., all stations, servers that are not maintained by Customer).
- (c) **Equipment Relocation.** Upon thirty (30) days' written notice from Customer, CareFusion will relocate Pyxis Equipment to another Customer facility within one hundred (100) miles. Relocation services will be provided during normal business hours or as otherwise mutually agreed upon by Customer and CareFusion.
- (d) **Standard Interfaces.** CareFusion will provide scheduled Interface changes, upgrades, and conversions to standard ADT and billing Interfaces for pharmacy and materials management, as well as profile Interfaces for pharmacies where the Pyxis Profile system is in place and replenishment interfaces outbound only for materials management ("Interface Changes"), subject to the following conditions: (i) Interface Changes consist only of adding features and/or functionality to the standard Interfaces; (ii) CareFusion will implement such Interface Changes either remotely or on-site, in its sole discretion, (iii) host conversion Interface Changes will be provided at no additional charge during the Support Term, and (iv) Interface Change conversion assistance to accommodate

migrations to new host environments will be provided at no charge during the Support Term; additional interface conversion assistance can be provided as requested by Customer at then-current prices, 24/7 with the exception of federal holidays recognized by CareFusion, less applicable discounts.

Host conversion and Interface modification assistance is provided Monday through Sunday, 24 hours a day as requested by customer with the exception of holidays recognized by CareFusion. Assistance during recognized holidays is available at CareFusion's established Time and Material rates.

- (e) **Virtual Machine (VM) Deployments.** For Integral Software deployed using VM technology, if the applicable relational database server (e.g., MSSQL) instance is housed locally in the CareFusion-provided VM container, then CareFusion will provide services for (i) database backup and recovery, (ii) operating system patches, updates and security, and (iii) the applicable relational database server (e.g., MSSQL). If the applicable relational database server instance is not housed locally in the CareFusion-provided VM container then Customer shall have these obligations as set forth in Section 11.1 (e).
- (f) **Customer Training.** CareFusion will provide training one time to a mutually agreed-upon number of designated Customer personnel to perform the activities set forth under Section 11.1, Customer Obligations item (h) Maintenance.

12. Elite Support Plan. If Customer elects CareFusion's Elite Support Plan, then the following terms will apply and the terms set forth under the Standard Support Plan and Advanced Support Plan will not apply except as set forth herein.

12.1 Customer Obligations. Customer will be responsible for Support of the following activities:

- (a) **Server Support.** Customer will provide services for (i) Customer's side of station and server network connectivity, (ii) customer-provided server hardware, and (iii) server-based, non-application related system performance and downtime, e.g., operating system, database issues, host system etc.
- (b) **System Requirements.** Customer will provide (i) station and server environment, e.g., power and plugs, etc., (ii) Customer data center and network availability, (iii) conformance with minimum server environment requirements for the Pyxis Product(s) as set forth in an applicable Hardware Requirements Schedule, and (iv) a virtual platform approved by CareFusion for all CareFusion-provided Virtual Machine deployments as set forth in an applicable Hardware Requirements Schedule.
- (c) **Peripherals.** Customer will provide support for all non-CareFusion provided peripheral products, e.g., mobile devices.
- (d) **Data Backup.** Where applicable, Customer will implement a network data backup capability that is remote to Pyxis Product(s) and in accordance with guidelines provided by CareFusion.

12.2 CareFusion Obligations. CareFusion will be responsible for the following Support activities:

- (a) **Advanced Support Activities.** CareFusion will provide the Support activities set forth in Section 11.2 Advanced Support Plan, CareFusion Obligations, items (a) through (f).
- (b) **Customized Performance Reporting.** CareFusion will provide a quarterly report of Customer's service call activity, TSC cases and performance related to applicable response time or Uptime guarantees within fifteen (15) business days after each calendar quarter during the Support Term.
- (c) **Station Performance Diagnostics.** CareFusion will provide annual Station Performance Diagnostics services for each Pyxis Equipment device to analyze and, where possible, improve device performance.
- (d) **Direct Access to TSC Manager Representative.** CareFusion will designate a TSC manager who will be available during CareFusion's business hours to respond to Customer's questions or concerns regarding the overall quality of TSC support.
- (e) **Direct Access to Local Service Manager.** CareFusion will designate a local CareFusion Support Service manager who will be available during business hours to discuss Customer's satisfaction with the Support Services and respond to any suggestions Customer may have for improvement.
- (f) **Software Patching.** CareFusion will schedule and deploy CareFusion-approved software patches to stations (e.g., operating system, anti-virus, and product patches). At Customer's request CareFusion will deploy applicable

CareFusion product software patches to Customer-owned servers, pending Customer's and CareFusion's review of patch requirements and related system configurations.

- (g) **Station Performance Diagnostics.** For Pyxis ES Products, CareFusion will provide annual Station Performance Diagnostics services for each Pyxis ES Product to analyze and, where possible, improve device performance.
- (h) **Proactive Monitoring.** For Pyxis ES Products, CareFusion will provide continuous 24/7/365 monitoring of Pyxis ES Product performance via Remote Support Services and will proactively notify identified Customer representatives of specific alarms and events that CareFusion has acted upon either to prevent a reactive service condition or to correct a reactive condition that may have occurred.

13. Exclusions and Limitations.

13.1 External Causes. CareFusion is not obligated to perform Support for any part of a Pyxis Product which is not Properly Performing because of: (i) abuse, misuse or vandalism; (ii) unauthorized repairs, including modification, alteration and adjustment; (iii) failure of equipment not supplied by CareFusion; (iii) a computer virus or other disabling code introduced by a source other than CareFusion; (iv) any Support activity that is a Customer obligation as defined under Sections 10.1, 11.1 or 12.1 above ("Customer Obligations"); or (v) Customer prevents or refuses installation of an Update or Upgrade which Customer has purchased or is otherwise entitled to receive (collectively, "External Causes"). If Customer requests that CareFusion attempt to correct a problem with a Pyxis Product attributable to an External Cause, then CareFusion will perform repair services on a time and materials basis at CareFusion's then-current rates and prices.

13.2 Customer Equipment. CareFusion will not be obligated to provide Support for products that are not Pyxis Products, including but not limited to Customer's equipment, software and personal peripheral devices (e.g., mobile devices, printers) used in conjunction with the Pyxis Products.

13.3 Consumables. Support does not include the replacement or installation of consumables, including but not limited to batteries, paper and toner.

13.4 Limitation on Support and Maintenance Activities. Notwithstanding any other provision to the contrary set forth herein, CareFusion shall provide Support and maintenance for the Pyxis Products only with respect to the two (2) most recent Upgrades of the Software.

13.5 Additional Services. Any service not specifically identified herein as a component of the Support Plan elected by Customer under the Customer Order may be provided by CareFusion under separate agreement between the Parties at then-current Time and Materials rates for that service ("Additional Services Agreement").

14. Additional Support Terms.

14.1 Guaranteed Response Time. CareFusion guarantees that a field service representative will arrive at the location of the Pyxis Product within the timeframe set forth in the table below, calculated from the time of dispatch from TSC ("Guaranteed Response Time"). If CareFusion is solely responsible for failing to meet the Guaranteed Response Time, then as Customer's sole and exclusive remedy, CareFusion will apply the credit set forth below, provided that Customer gives written notice to CareFusion within the time period specified below. This subsection does not apply to Support cases for Integral Software only.

| Support Type | Guaranteed Response Time | Written Notice to be given by Customer to CareFusion | Guaranteed Response Time Credit |
|----------------------|---|--|--|
| Standard Plan | Within 24 hours | Within 10 days of the end of the calendar month in which dispatch occurred | 5% of the Monthly Support Fee for the affected Pyxis Product(s) |
| Advanced Plan | Within timeframe set forth in applicable Customer Order, either 8 or 24 hours | Within 10 days of the end of the calendar month in which dispatch occurred | 20% of the Monthly Support Fee for the affected Pyxis Product(s) |
| Elite Plan | Within four hours on 95% of onsite service dispatches that calendar month | Within 10 days of the end of the calendar month in which dispatch occurred | 5% of the total Monthly Support Fee for all Pyxis Products |

14.2 Uptime Guarantee. CareFusion guarantees that a Pyxis Product that is RSS-enabled ("RSS-Enabled Product") will be Properly Performing ("Up") no less than the percentage set forth in the table below of the total number of hours during each calendar month of the Support Term ("Uptime Guarantee"). CareFusion will determine if an RSS-Enabled Product is not Up beginning on the date and time that CareFusion identifies such product as not in service for reasons other than: (i) performance of scheduled preventative

maintenance; (ii) delays caused by Customer; (iii) External Cause; or (iv) any period that Customer or Customer's information system does not permit CareFusion to provide Support for such Pyxis Product.

Uptime will be calculated as follows:

Uptime = ((Total # of devices at a site * 24 hrs per day * # days in month)-(Total # of Service Case Hours in the month for that site))/ (Total # of devices at a site * 24 hrs per day * # days in month). "Service Case Hours" means the total number of hours required to resolve a reported issue for a Pyxis Product, from the time a case is opened by the TSC until it is closed.

If CareFusion is solely responsible for not meeting the Uptime Guarantee, then, as Customer's sole and exclusive remedy, CareFusion will apply the credit set forth in the table below (if any) to the Total Monthly Support Fee(s) for all RSS-Enabled Pyxis Product(s) subject to the Uptime Guarantee provided that: (i) Customer gives written notice to CareFusion within the timeframe specified below; and (ii) CareFusion verifies Customer's claim. Any credit will be applied in the month following the end of the next business quarter.

| Support Type | Uptime Guarantee | Written Notice to be given by Customer to CareFusion | Uptime Guarantee Credit |
|----------------------|------------------|--|-------------------------|
| Standard Plan | None | N/A | N/A |
| Advanced Plan | 97% | Within 30 days of the end of any calendar quarter | 5% |
| Elite Plan | 97% | Within 30 days of the end of any calendar quarter | 10% |

14.3 Updates. "Update" means a bug fix, patch, error correction, virus update, minor enhancement or modification to existing features to maintain the security or operation of the Integral Software. During the Support Term, if CareFusion generally releases an Update to the Integral Software, then CareFusion will install the Update via RSS or by other means chosen by CareFusion and will deliver notice to Customer of the Update. Customer will promptly test the connections between the Pyxis Product and Customer's information system.

14.4 Upgrades. "Upgrade" means a major enhancement, new feature or other improvement to the Integral Software, but does not include any hardware, Third Party Software, or any other Integral Software that CareFusion generally licenses separately. During the Support Term, if CareFusion generally releases an Upgrade to the Integral Software, then CareFusion will install the Upgrade via RSS or by other means chosen by CareFusion and will deliver notice to Customer of the Upgrade. Customer will promptly test the connections between the Pyxis Product and Customer's information system.

15. Onsite Support. Customer may cancel scheduled onsite Support by delivering notice to TSC no less than one (1) business day prior to the start date. If Customer fails to provide such notice or otherwise prevents CareFusion from performing scheduled onsite Support, then the Guaranteed Response Time will not be honored, and the Uptime calculation will not include the Service Case Hours associated with that service call. CareFusion employees and agents ("CareFusion Personnel") shall not handle Customer's medications. Customer must be present and capable of monitoring CareFusion Personnel during any activity involving Pyxis Products in which medications are present. If Customer fails to do so, then Customer will reimburse CareFusion for any expenses related to re-scheduling such activity.

Termination for Cause by CareFusion. Notwithstanding anything to the contrary in the applicable Master Agreement, CareFusion may suspend performance of Support under this Schedule, or cancel one or more Support Terms, upon written notice if Customer: (i) fails to comply with any material term or condition under this Schedule, or fails to make any payment required pursuant to any Customer Order for Pyxis Products; and (ii) fails to cure such non-compliance within thirty (30) days (or within ten days for any past due payment) after receipt of such written notice providing full details of such non-compliance.



MEMO

Date: 29 August 2017
To: BVCHD Finance Committee
From: Garth M Hamblin, Interim CFO
Re: Interim HIM / Health Information Partners

Recommended Action

Approve agreement with Health Information Partners for Interim HIM Manager.

Background

We worked with Health Information Partners for Interim HIM Manager about a year ago. The same individual, Patricia Tondorf, that we worked then is available to come back and assist us now.



Contract Cover Sheet

Contract Name: Health Information Partners

Purpose of Contract: Interim HIM Management

Contract # / Effective Date / Term - August 2017 / undetermined

Originating Dept. Name / Number - HIM / CFO

Department Manager

Signature:

Date: 30 Aug 2017

BAA: ☒ Yes ☐ No

W-9: ☒ Yes ☐ No

USED THIS COMPANY PREVIOUSLY FOR INTERIM HIM

Administrative Officer

Signature:

N/A

Date: 8-31-17

HIPAA/Privacy Officer
(as appropriate)

Signature

N/A

Date: N/A

Legal Counsel

Signature:

ATTACHED

Date: 8-25-17

Compliance Officer

Signature:

Mary Norman

Date: 8-30-17

Chief Financial Officer

Signature:

Date: 30 Aug 2017

Chief Executive Officer

Signature:

Date: 8-31-17

Board of Directors
When Applicable

Date: _____

1. Final Signatures on Contract, BAA & W-9: Date: _____
2. Copy of Contract/BAA/W-9 forwarded to Department Manager: Date: _____
3. Copy of Contract/BAA/W-9 forwarded to Contractor (if applicable): Date: _____
4. Copy of Contract/BAA/W-9 scanned/mailed to Controller and Legal: Date: _____
(if applicable)

Contract Cover Sheet

CONFIDENTIAL NOTICE:

Note: This document and attachments are covered by CA Evidence Code 1157 and CA Health and Safety Code 1370.

NOTICE TO RECIPIENT: If you are not the intended recipient of this, you are prohibited from sharing, copying or otherwise using or disclosing its contents. If you have received this document in error, please notify the sender immediately by reply email and permanently delete this document and any attachments without reading, forwarding or saving them. Thank you

Updated 5/2017

Garth Hamblin

From: Christina Meissner <CMeissner@MTBAttorneys.com>
Sent: Friday, August 25, 2017 2:57 PM
To: Garth Hamblin
Cc: Deborah Tropp
Subject: RE: J. Redden re: Interim HIM Director Service Agreement

This is fine, thanks.

From: Garth Hamblin [mailto:Garth.Hamblin@bvchd.com]
Sent: Friday, August 25, 2017 2:26 PM
To: Deborah Tropp <DTropp@MTBAttorneys.com>; Christina Meissner <CMeissner@MTBAttorneys.com>
Subject: FW: J. Redden re: Interim HIM Director Service Agreement

Please take a look. I think it is the same as we had before. The same interim as we had last time is available.

Looks like we need an interim HIM Manager as there has been a recurrence of the Medical issues with our HIM Manager.

garth

From: Jon Redden [mailto:jredden@hip-inc.com]
Sent: Friday, August 25, 2017 12:53 PM
To: Garth Hamblin <Garth.Hamblin@bvchd.com>
Cc: Joe Farris <jfarris@hip-inc.com>
Subject: J. Redden re: Interim HIM Director Service Agreement

Garth,

Attached is the latest version of the Interim HIM Director Service Agreement with Health Information Partners.

Once you've reviewed, I'd like Patti Tondorf, MHA, RHIA to give you a call to discuss the remaining details.

Best Regards,

Jonathon Redden, CHC
Chief Operating Officer
Health Information Partners®
U.S. Healthcare Partners, Inc.
Office: (866) 622-8300 Ext. 102
Direct Fax: (909) 332-3992
Web: HIP-inc.com

...committed to professional excellence



STATEMENT OF CONFIDENTIALITY Notice: This e-mail (including attachments) is covered by the Electronic Communications Privacy Act, 18 U.S.C. 2510-2521, is confidential and is legally privileged. If you are not the intended recipient, you are hereby notified that any retention, dissemination,



May 3, 2016

Mr. Garth M Hamblin
Interim Chief Financial Officer
Bear Valley Community Hospital
Big Bear Lake, CA 92315

Re: Interim HIM director

Garth;

We agree to all contract language changes requested by your attorney. Note: \$675 fee is "per work day". See revised Service Agreement below. Note new language has been underlined. If this is agreeable, please approve and fax back to me @ (949) 441-5153.

Thank you,

Joseph A. Farris
Chief Executive Office
Health Information Partners®
U.S. Healthcare Partners, Inc.

Service Agreement

This agreement for Interim Management Services is entered into on May ____, 2016, by **Health Information Partners®**, a division of U.S. Healthcare Partners, Inc., a California Corporation, Federal Tax ID# 47-0848973, herein referred to as ("HIP"), PO Box 10129, Newport Beach, CA 92658 and **Bear Valley Community Hospital District**, 41870 Garstin Drive, Big Bear Lake, CA 92315 (BVCHD).

1. Insurance Coverage: Interim HIM Director(s) assigned to BVCHD will be employees of HIP, not 1099 contractors. HIP will provide Workers Comp, Errors & Omissions and General Liability insurance coverage. Interim Management Fee: \$675 per day services are provided.
2. Expenses: BVCHD will reimburse HIP for reasonable & customary travel expenses; including: Air, lodging and auto. Per diem meal allowance: \$45. Travel time: \$35 per hour.
3. Project Advance Fee / Invoicing: BVCHD will submit an advance payment of \$2500 to HIP which will establish a credit balance against future invoices. Invoices will be submitted weekly, payment terms will be Net 15 days.
4. Candidate replacement / Service termination: BVCHD may at any time, for any reason, with or without cause, with or without advance notice, request replacement or discontinue the services of an interim manager assigned by HIP. Should this occur, HIP will be given five (5) business days to secure a suitable replacement candidate. Should HIP be unable to secure a suitable replacement within this timeframe, this agreement will terminate and BVCHD will have no further obligation to retain HIP's services.
5. Hire Fee: Should BVCHD hire, (or provide employment in any capacity to), a candidate introduced by HIP, HIP fee will be 20% of the total first year compensation. This rate will drop to 0% if interim management services have been provided by one or more HIP staff members for 26 consecutive weeks.
6. Auditing Services: During the course of this agreement, HIP will provide coding compliance auditing services to BVCHD without charge.
7. Governing Law/Arbitration: This Agreement shall be governed by the laws of the State of California. It constitutes the entire agreement between both parties. If any provision of the agreement is held by any court to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in force. Any controversy between the parties arising from the performance of this Agreement, shall, on the written request of either party, be submitted to binding arbitration. Fees will be split evenly between the parties. Arbitration shall comply with and be governed by the provisions of the Commercial Arbitration Rules of the American Arbitration Association and shall be conducted in San Bernardino County, CA.
8. Term / Contract Termination / Acceptance: The term of this agreement will be one year. Either party may terminate this agreement, without cause, by providing 45 days advance written notice. Acceptance of HIP's candidates will constitute acceptance of the terms and conditions of this agreement.

Approved:

Bear Valley Community Hospital District
41870 Garstin Drive,
Big Bear Lake, CA 92315
(909) 866-6501

Name:
Title:
Date:

Health Information Partners®
PO Box 10129
Newport Beach, CA 92658
(949) 261-5000
(949) 441-5153 - Fax



Name: Joseph A. Farris
Title: CEO
Date: May 2, 2016

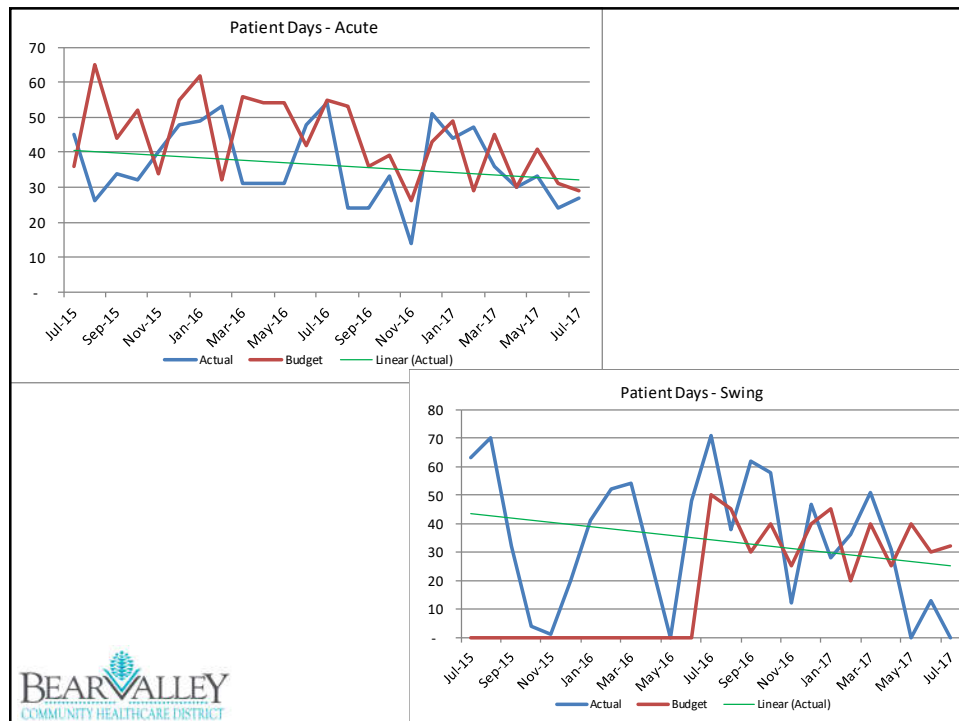
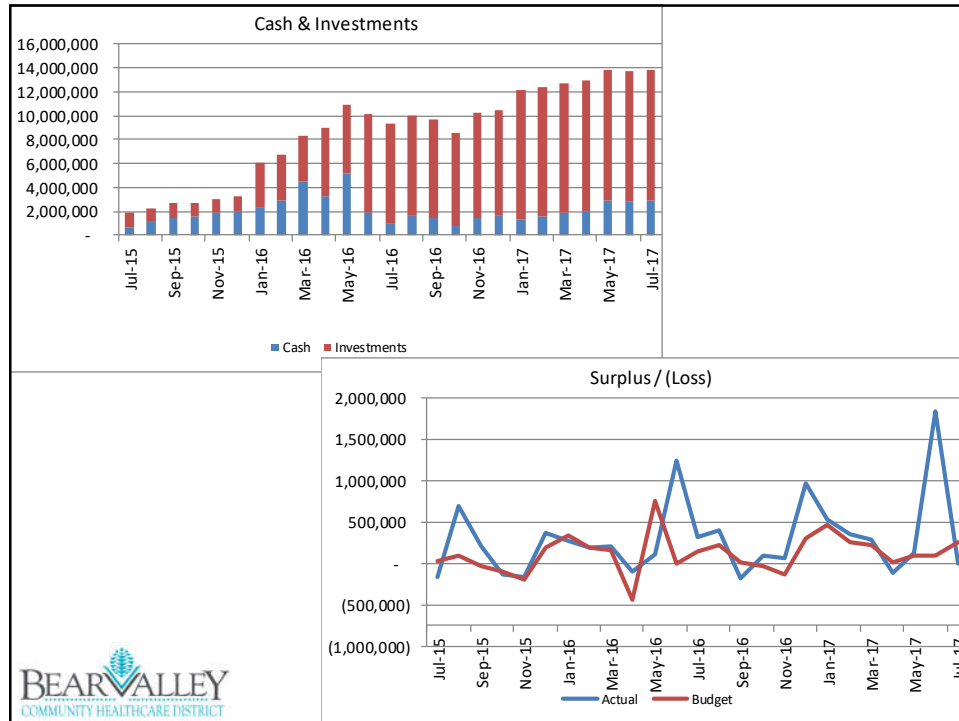


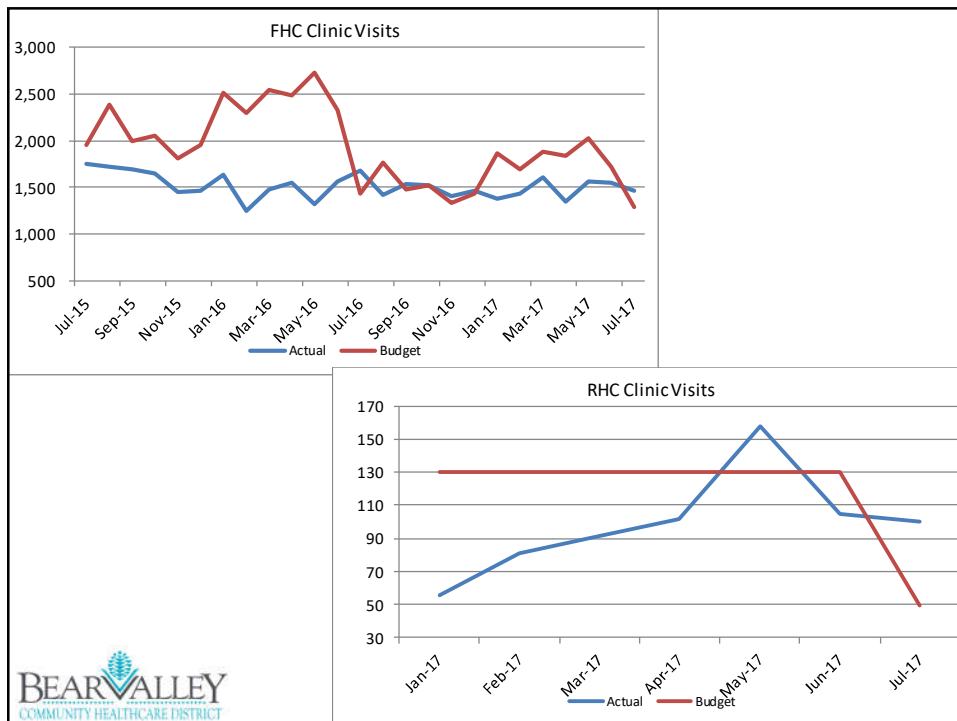
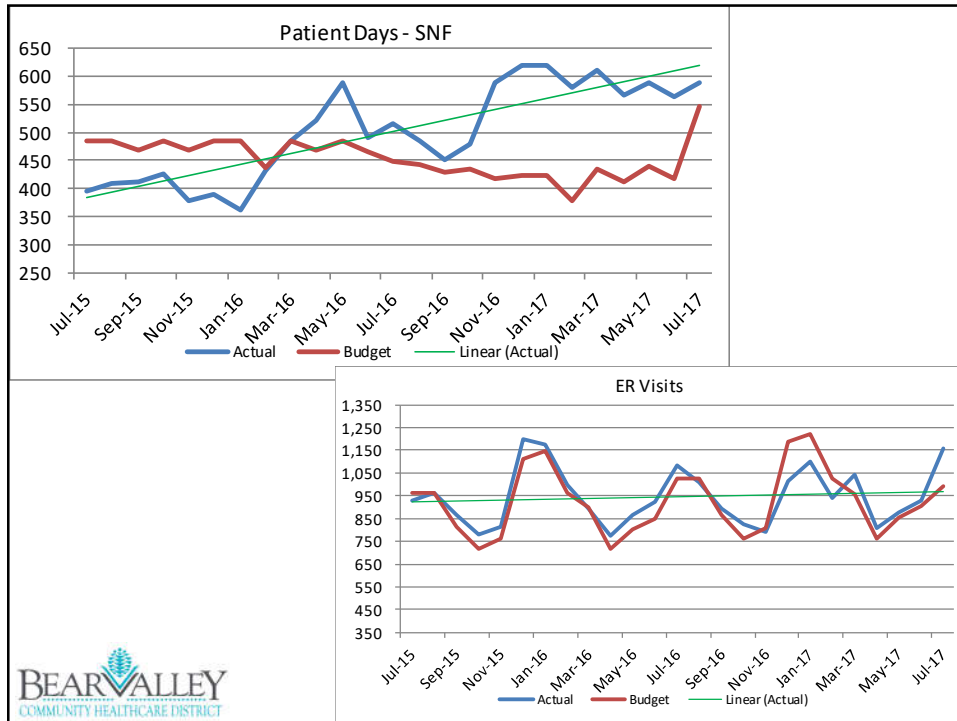
Finance Report
July 2017 Results

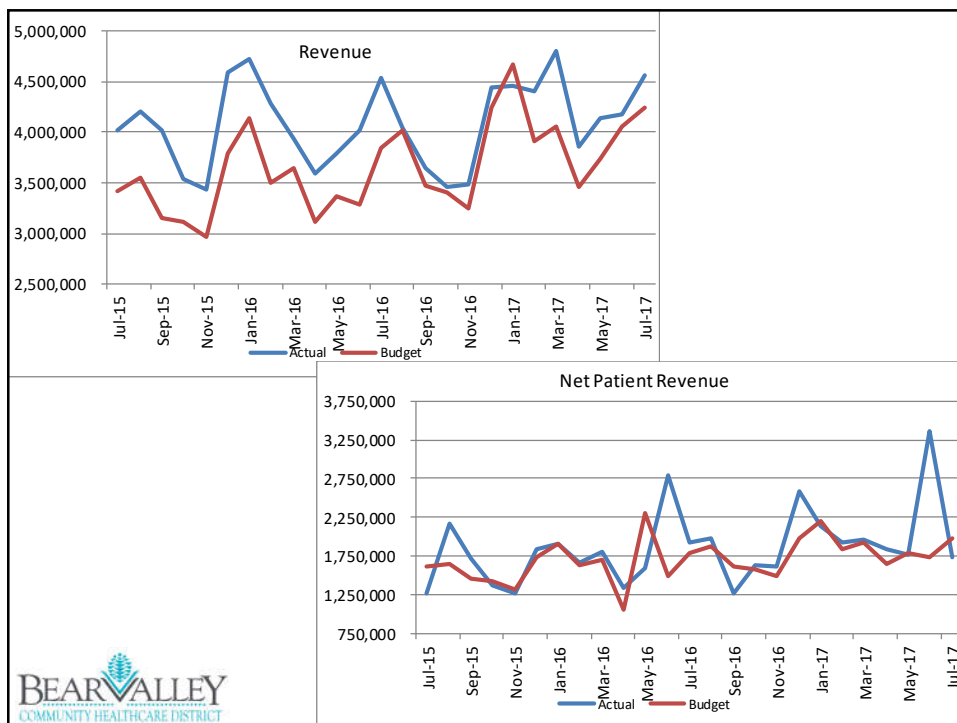
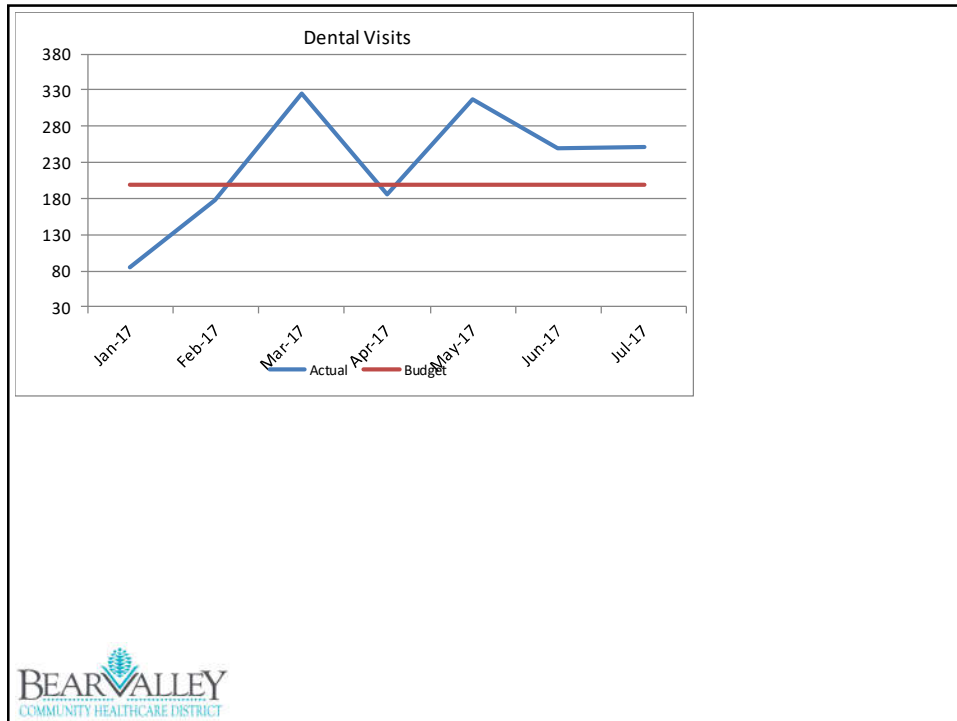
Summary for July 2017

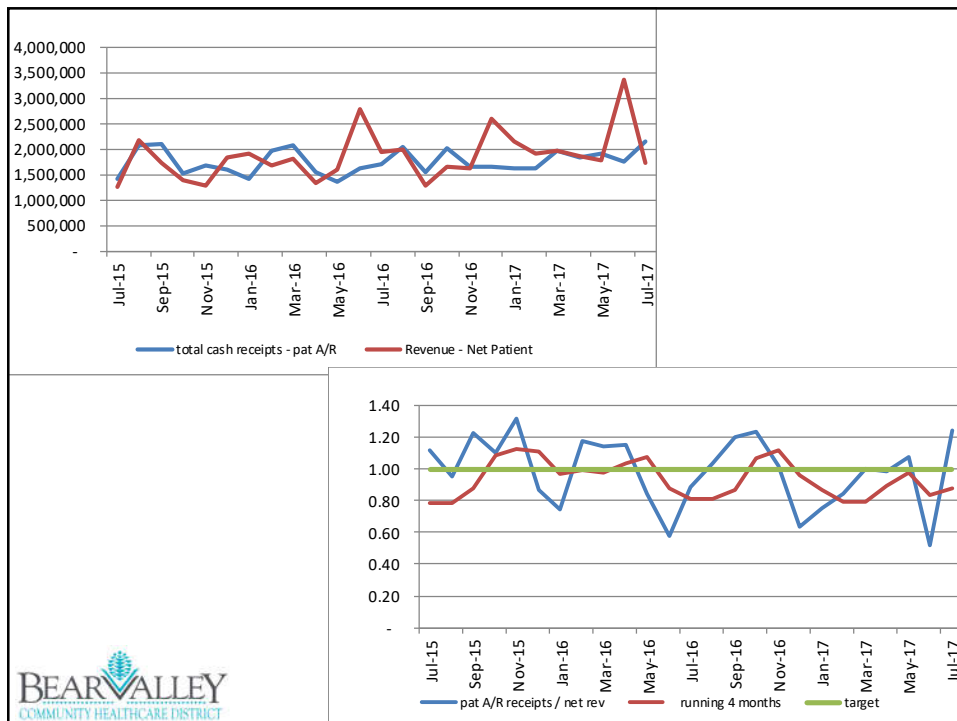
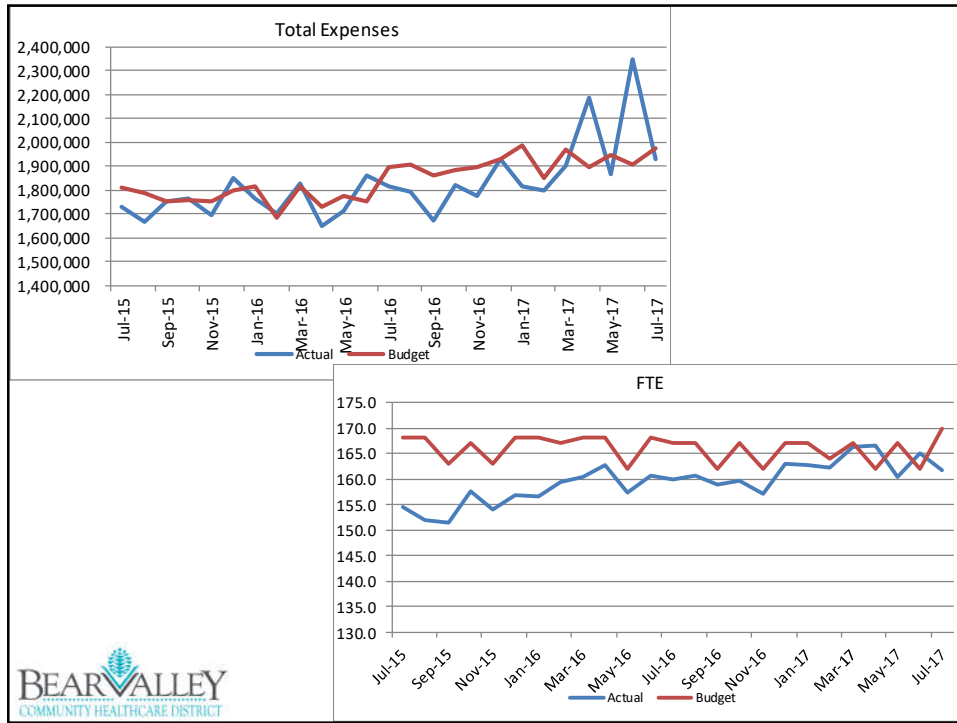
- Cash on Hand - \$2,926,360
- Investments - \$10,894,184
- Days Cash on hand, including investments with LAIF – 228
- Surplus of just \$4,147 for the month compared to budgeted surplus of \$258,950.
- Total Patient Revenue over Budget by 6.7% for the month
- Net Revenue was 12.4% under budget.
- Total Expenses 2.1% lower than budget

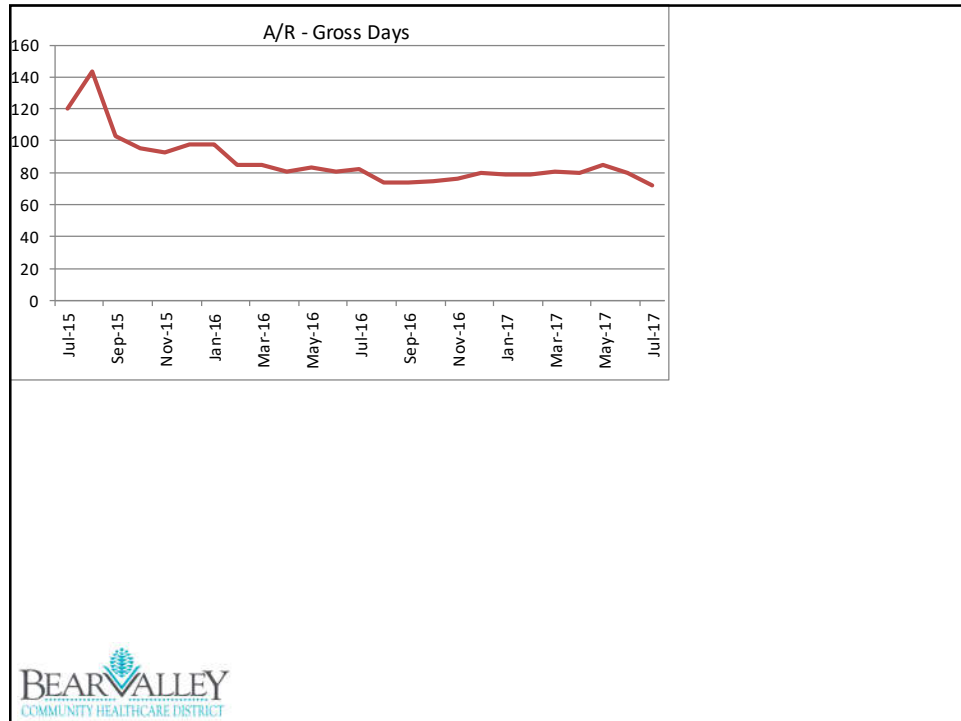














July 2017 Financial Results

For the month . . .

Total Patient Revenue of \$4,179,293 was over budget by 6.7%. Inpatient and Outpatient revenue were both under budget. Inpatient revenue was 52.2% under budget with acute days under budget and zero swing days. Outpatient revenue was 2.7% under budget with low outpatient CT volume. Emergency Room revenue was 9.8% over budget with higher than budgeted volumes. Clinic revenue and skilled nursing facility revenue were both over budget.

Deductions from Revenue of \$2,820,085 were over budget by 23.3%.

Total operating Revenue (Revenue less revenue deductions) of \$2,471,120 was under budget by 41.1%.

Total Operating Expenses of \$1,930,548 were lower than budget by 2.1%.

Our surplus for the month of July 2017 was \$4,147. We had budgeted a surplus of 258,950 for the month.

Our Operating Cash and Investments total \$13,820,544. Total Days Cash on hand – 228 and we have been making payments for both the CT and Mammo projects.

Key Statistics

Both Inpatient and Swing Patient days were under budget. We had not Swing patient days in July.

SNF days totaled 589, an Average Daily Census of 17.6.

Emergency Room visits totaled 1,159 for the month – 17.1% over budget.

FHC, RHC, and Dental visits all over budget.

Bear Valley Community Healthcare District
Financial Statements July 31, 2017

Financial Highlights—Hospital
STATEMENT OF OPERATIONS

| | | A | B | C | D | E | F | G | H | I | J |
|----|--------------------------------|-----------|---------------|-----------|-----------|--------|-----------|--------------|-----------|-----------|--------|
| | | | Current Month | | | | | Year-to-Date | | | |
| | | FY 16/17 | FY 17/18 | | VARIANCE | | FY 16/17 | FY 17/18 | | VARIANCE | |
| | | Actual | Actual | Budget | Amount | % | Actual | Actual | Budget | Amount | % |
| | | | | | | | | | | | |
| 1 | Total patient revenue | 4,540,577 | 4,559,665 | 4,272,730 | 286,935 | 6.7% | 4,540,577 | 4,559,665 | 4,272,730 | 286,935 | 6.7% |
| | | | | | | | | | | | |
| 2 | Total revenue deductions | 2,610,182 | 2,820,085 | 2,287,478 | 532,607 | 23.3% | 2,610,182 | 2,820,085 | 2,287,478 | 532,607 | 23.3% |
| 3 | % Deductions | 57% | 62% | 54% | | | 57% | 62% | 54% | | |
| 4 | Net Patient Revenue | 1,930,395 | 1,739,580 | 1,985,252 | (245,672) | -12.4% | 1,930,395 | 1,739,580 | 1,985,252 | (245,672) | -12.4% |
| 5 | % Net to Gross | 43% | 38% | 46% | | | 43% | 38% | 46% | | |
| 6 | Other Revenue | 3,992 | 7,012 | 12,342 | (5,330) | -43.2% | 3,992 | 7,012 | 12,342 | (5,330) | -43.2% |
| | | | | | | | | | | | |
| 7 | Total Operating Revenue | 1,934,387 | 1,746,592 | 1,997,594 | (251,002) | -12.6% | 1,934,387 | 1,746,592 | 1,997,594 | (251,002) | -12.6% |
| | | | | | | | | | | | |
| 8 | Total Expenses | 1,814,776 | 1,930,548 | 1,971,780 | (41,232) | -2.1% | 1,814,776 | 1,930,548 | 1,971,780 | (41,232) | -2.1% |
| 9 | % Expenses | 40% | 42% | 46% | | | 40% | 42% | 46% | | |
| 10 | Surplus (Loss) from Operations | 119,611 | (183,956) | 25,814 | (209,770) | 812.6% | 119,611 | (183,956) | 25,814 | (209,770) | 812.6% |
| 11 | % Operating margin | 3% | -4% | 1% | | | 3% | -4% | 1% | | |
| 12 | Total Non-operating | 199,573 | 188,103 | 233,136 | (45,033) | -19.3% | 199,573 | 188,103 | 233,136 | (45,033) | -19.3% |
| | | | | | | | | | | | |
| 13 | Surplus/(Loss) | 319,184 | 4,147 | 258,950 | (254,803) | 98.4% | 319,184 | 4,147 | 258,950 | (254,803) | 98.4% |
| 14 | % Total margin | 7% | 0% | 6% | | | 7% | 0% | 6% | | |

BALANCE SHEET

| | A | B C D E | | | |
|----|--------------------------------------|------------|------------|------------|-----------------|
| | | July | July | June | VARIANCE |
| | | FY 16/17 | FY 17/18 | FY 16/17 | Amount % |
| 15 | Gross Accounts Receivables | 10,951,976 | 10,081,624 | 10,741,560 | (659,936) -6.1% |
| 16 | Net Accounts Receivables | 3,970,730 | 3,856,992 | 4,178,904 | (321,912) -7.7% |
| 17 | % Net AR to Gross AR | 36% | 38% | 39% | |
| 18 | Days Gross AR | 82 | 72 | 80 | (8) -10.3% |
| 19 | Cash Collections | 1,591,757 | 2,156,050 | 1,744,521 | 411,529 23.6% |
| 20 | % Cash collections | | | | - #DIV/0! |
| 21 | Investments | 8,277,960 | 10,894,184 | 10,870,876 | 23,308 0.2% |
| 22 | Cash on hand | 1,167,181 | 2,926,360 | 2,886,705 | 39,655 1.4% |
| 23 | Total Cash & Invest | 9,445,141 | 13,820,544 | 13,757,581 | 62,963 0.5% |
| 24 | Days Cash & Invest | 165 | 228 | 227 | 0 0.2% |
| | Total Cash and Investments | 11,099,931 | 27,641,316 | | |
| | Increase Current Year vs. Prior Year | | 16,541,385 | | |

Bear Valley Community Healthcare District
Financial Statements July 31, 2017

Statement of Operations

| | | A | B | C | E | F | G | H | I | J | |
|-----------------------|---|---------------|-----------|-----------|-----------|--------------|-----------|-----------|-----------|-----------|---------|
| | | Current Month | | | | Year-to-Date | | | | | |
| | | FY 15/16 | FY 16/17 | | VARIANCE | FY 15/16 | FY 16/17 | | VARIANCE | | |
| | | Actual | Actual | Budget | Amount | % | Actual | Actual | Budget | Amount | % |
| Gross Patient Revenue | | | | | | | | | | | |
| 1 | Inpatient | 325,808 | 95,787 | 200,289 | (104,502) | -52.2% | 325,808 | 95,787 | 200,289 | (104,502) | -52.2% |
| 2 | Outpatient | 890,258 | 868,939 | 893,443 | (24,504) | -2.7% | 890,258 | 868,939 | 893,443 | (24,504) | -2.7% |
| 3 | Clinic Revenue | 180,079 | 347,893 | 209,389 | 138,504 | 66.1% | 180,079 | 347,893 | 209,389 | 138,504 | 66.1% |
| 4 | Emergency Room | 2,915,250 | 2,985,253 | 2,719,410 | 265,843 | 9.8% | 2,915,250 | 2,985,253 | 2,719,410 | 265,843 | 9.8% |
| 5 | Skilled Nursing Facility | 229,182 | 261,793 | 250,199 | 11,594 | 4.6% | 229,182 | 261,793 | 250,199 | 11,594 | 4.6% |
| 6 | Total patient revenue | 4,540,577 | 4,559,665 | 4,272,730 | 286,935 | 6.7% | 4,540,577 | 4,559,665 | 4,272,730 | 286,935 | 6.7% |
| Revenue Deductions | | | | | | | | | | | |
| 7 | Contractual Allow | 2,177,839 | 2,548,409 | 2,093,914 | 454,495 | 21.7% | 2,177,839 | 2,548,409 | 2,093,914 | 454,495 | 21.7% |
| 8 | Contractual Allow PY | (12,530) | - | - | - | #DIV/0! | (12,530) | - | - | - | #DIV/0! |
| 9 | Charity Care | 31,196 | 7,675 | 9,150 | (1,475) | -16.1% | 31,196 | 7,675 | 9,150 | (1,475) | -16.1% |
| 10 | Administrative | 1,847 | (746) | 8,018 | (8,764) | -109.3% | 1,847 | (746) | 8,018 | (8,764) | -109.3% |
| 11 | Policy Discount | 4,278 | 11,532 | 6,531 | 5,001 | 76.6% | 4,278 | 11,532 | 6,531 | 5,001 | 76.6% |
| 12 | Employee Discount | 4,449 | 4,711 | 3,553 | 1,158 | 32.6% | 4,449 | 4,711 | 3,553 | 1,158 | 32.6% |
| 13 | Bad Debts | 236,201 | (59,348) | 166,312 | (225,660) | -135.7% | 236,201 | (59,348) | 166,312 | (225,660) | -135.7% |
| 14 | Denials | 266,959 | 307,852 | - | 307,852 | #DIV/0! | 266,902 | 307,852 | - | 307,852 | #DIV/0! |
| 15 | Total revenue deductions | 2,610,182 | 2,820,085 | 2,287,478 | 532,607 | 23.3% | 2,610,182 | 2,820,085 | 2,287,478 | 532,607 | 23.3% |
| 16 | Net Patient Revenue | 1,930,395 | 1,739,580 | 1,985,252 | (245,672) | -12.4% | 1,930,395 | 1,739,580 | 1,985,252 | (245,672) | -12.4% |
| | to gross revenue including Prior Year Contractual Allowances as a percent to gross revenue WO PY and Other CA | 40.2% | 40.2% | | 40.2% | | 40.2% | 447.4% | 447.4% | 0.0% | |
| | | 39.2% | 39.2% | | 39.2% | | 39.2% | 437.2% | 437.2% | 0.0% | |
| | | | | | | | | | | | |
| 17 | Other Revenue | 3,992 | 7,012 | 12,342 | (5,330) | -43.2% | 3,992 | 7,012 | 12,342 | (5,330) | -43.2% |
| 18 | Total Operating Revenue | 1,934,387 | 1,746,592 | 1,997,594 | (251,002) | -12.6% | 1,934,387 | 1,746,592 | 1,997,594 | (251,002) | -12.6% |
| Expenses | | | | | | | | | | | |
| 19 | Salaries | 769,571 | 800,028 | 825,271 | (25,243) | -3.1% | 769,571 | 800,028 | 825,271 | (25,243) | -3.1% |
| 20 | Employee Benefits | 286,662 | 286,721 | 318,996 | (32,275) | -10.1% | 286,662 | 286,721 | 318,996 | (32,275) | -10.1% |
| 21 | Registry | - | 12,718 | - | 12,718 | #DIV/0! | - | 12,718 | - | 12,718 | #DIV/0! |
| 22 | Salaries and Benefits | 1,056,233 | 1,099,467 | 1,144,267 | (44,800) | -3.9% | 1,056,233 | 1,099,467 | 1,144,267 | (44,800) | -3.9% |
| 23 | Professional fees | 130,875 | 163,392 | 156,392 | 7,000 | 4.5% | 130,875 | 163,392 | 156,392 | 7,000 | 4.5% |
| 24 | Supplies | 122,856 | 130,715 | 125,978 | 4,737 | 3.8% | 122,856 | 130,715 | 125,978 | 4,737 | 3.8% |
| 25 | Utilities | 43,753 | 42,342 | 45,008 | (2,666) | -5.9% | 43,753 | 42,342 | 45,008 | (2,666) | -5.9% |
| 26 | Repairs and Maintenance | 15,168 | 22,461 | 22,668 | (207) | -0.9% | 15,168 | 22,461 | 22,668 | (207) | -0.9% |
| 27 | Purchased Services | 297,181 | 302,014 | 294,761 | 7,253 | 2.5% | 297,181 | 302,014 | 294,761 | 7,253 | 2.5% |
| 28 | Insurance | 25,014 | 25,762 | 25,917 | (155) | -0.6% | 25,014 | 25,762 | 25,917 | (155) | -0.6% |
| 29 | Depreciation | 44,325 | 48,568 | 75,000 | (26,432) | -35.2% | 44,325 | 48,568 | 75,000 | (26,432) | -35.2% |
| 30 | Rental and Leases | 18,498 | 46,445 | 16,297 | 30,148 | 185.0% | 18,498 | 46,445 | 16,297 | 30,148 | 185.0% |
| 31 | Interest | 7,983 | 7,717 | 7,750 | (33) | -0.4% | 7,983 | 7,717 | 7,750 | (33) | -0.4% |
| 32 | Dues and Subscriptions | 4,258 | 5,518 | 5,046 | 472 | 9.4% | 4,258 | 5,518 | 5,046 | 472 | 9.4% |
| 33 | Other Expense. | 48,632 | 36,147 | 52,696 | (16,549) | -31.4% | 48,632 | 36,147 | 52,696 | (16,549) | -31.4% |
| 34 | Total Expenses | 1,814,776 | 1,930,548 | 1,971,780 | (41,232) | -2.1% | 1,814,776 | 1,930,548 | 1,971,780 | (41,232) | -2.1% |
| 35 | Surplus (Loss) from Operations | 119,611 | (183,956) | 25,814 | (209,770) | 812.6% | 119,611 | (183,956) | 25,814 | (209,770) | 812.6% |
| Non-Operating Income | | | | | | | | | | | |
| 36 | Tax Revenue | 189,917 | 186,047 | 186,047 | - | 0.0% | 189,917 | 186,047 | 186,047 | - | 0.0% |
| 38 | Other non-operating | 9,656 | 2,056 | 47,089 | (45,033) | -95.6% | 9,656 | 2,056 | 47,089 | (45,033) | -95.6% |
| 39 | Total Non-operating | 199,573 | 188,103 | 233,136 | (45,033) | -19.3% | 199,573 | 188,103 | 233,136 | (45,033) | -19.3% |
| 40 | Surplus/(Loss) | 319,184 | 4,147 | 258,950 | (254,803) | 98.4% | 319,184 | 4,147 | 258,950 | (254,803) | 98.4% |

**Bear Valley Community Healthcare District
Financial Statements**

Current Year Trending Statement of Operations

A Statement of Operations—CURRENT YEAR 2018

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
|-----------------------------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | YTD |
| Gross Patient Revenue | | | | | | | | | | | | | |
| 1 Inpatient | 95,787 | | | | | | | | | | | | 95,787 |
| 2 Outpatient | 868,939 | | | | | | | | | | | | 868,939 |
| 3 Clinic | 347,893 | | | | | | | | | | | | 347,893 |
| 4 Emergency Room | 2,985,253 | | | | | | | | | | | | 2,985,253 |
| 5 Skilled Nursing Facility | 261,793 | | | | | | | | | | | | 261,793 |
| 6 Total patient revenue | 4,559,665 | - | - | - | - | - | - | - | - | - | - | - | 4,559,665 |
| Revenue Deductions | | | | | | | | | | | | | |
| 7 Contractual Allow | 2,548,409 | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | 2,548,409 |
| 8 Contractual Allow PY | - | | | | | | | | | | | | - |
| 9 Charity Care | 7,675 | | | | | | | | | | | | 7,675 |
| 10 Administrative | (746) | | | | | | | | | | | | (746) |
| 11 Policy Discount | 11,532 | | | | | | | | | | | | 11,532 |
| 12 Employee Discount | 4,711 | | | | | | | | | | | | 4,711 |
| 13 Bad Debts | (59,348) | | | | | | | | | | | | (59,348) |
| 14 Denials | 307,852 | | | | | | | | | | | | 307,852 |
| 15 Total revenue deductions | 2,820,085 | - | - | - | - | - | - | - | - | - | - | - | 2,820,085 |
| 16 Net Patient Revenue | 1,739,580 | - | - | - | - | - | - | - | - | - | - | - | 1,739,580 |
| | 38.2% | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | 38.2% |
| 17 Other Revenue | 7,012 | | | | | | | | | | | | 7,012 |
| 18 Total Operating Revenue | 1,746,592 | - | - | - | - | - | - | - | - | - | - | - | 1,746,592 |
| Expenses | | | | | | | | | | | | | |
| 19 Salaries | 800,028 | | | | | | | | | | | | 800,028 |
| 20 Employee Benefits | 286,721 | | | | | | | | | | | | 286,721 |
| 21 Registry | 12,718 | | | | | | | | | | | | 12,718 |
| 22 Salaries and Benefits | 1,099,467 | - | - | - | - | - | - | - | - | - | - | - | 1,099,467 |
| 23 Professional fees | 163,392 | | | | | | | | | | | | 163,392 |
| 24 Supplies | 130,715 | | | | | | | | | | | | 130,715 |
| 25 Utilities | 42,342 | | | | | | | | | | | | 42,342 |
| 26 Repairs and Maintenance | 22,461 | | | | | | | | | | | | 22,461 |
| 27 Purchased Services | 302,014 | | | | | | | | | | | | 302,014 |
| 28 Insurance | 25,762 | | | | | | | | | | | | 25,762 |
| 29 Depreciation | 48,568 | | | | | | | | | | | | 48,568 |
| 30 Rental and Leases | 46,445 | | | | | | | | | | | | 46,445 |
| 31 Interest | 7,717 | | | | | | | | | | | | 7,717 |
| 32 Dues and Subscriptions | 5,518 | | | | | | | | | | | | 5,518 |
| 33 Other Expense. | 36,147 | | | | | | | | | | | | 36,147 |
| 34 Total Expenses | 1,930,548 | | | | | | | | | | | | 1,930,548 |
| 35 Surplus (Loss) from Operations | (183,956) | - | - | - | - | - | - | - | - | - | - | - | (183,956) |
| 36 Non-Operating Income | | | | | | | | | | | | | |
| 37 Tax Revenue | 186,047 | | | | | | | | | | | | 186,047 |
| 38 Other non-operating | 2,056 | | | | | | | | | | | | 2,056 |
| 39 Total Non-operating | 188,103 | - | - | - | - | - | - | - | - | - | - | - | 188,103 |
| 40 Surplus/(Loss) | 4,147 | - | - | - | - | - | - | - | - | - | - | - | 4,147 |

2017-18 Actual BS

BALANCE SHEET

(Reflects 6/30/16 y/e audit reclasses)

PY BS

| July | June |
|------|------|
|------|------|

ASSETS:

Current Assets

| | | |
|---|------------|------------|
| Cash and Cash Equivalents (Includes CD's) | 2,926,360 | 2,858,405 |
| Gross Patient Accounts Receivable | 10,084,033 | 10,749,524 |
| Less: Reserves for Allowances & Bad Debt | 6,227,041 | 6,570,855 |
| Net Patient Accounts Receivable | 3,856,992 | 4,178,669 |
| Tax Revenue Receivable | 2,232,569 | 56,788 |
| Other Receivables | 80,625 | 99,917 |
| Inventories | 217,948 | 212,805 |
| Prepaid Expenses | 330,877 | 192,216 |
| Due From Third Party Payers | 0 | |
| Due From Affiliates/Related Organizations | 0 | |
| Other Current Assets | 0 | |
| Total Current Assets | 9,645,371 | 7,598,800 |

Assets Whose Use is Limited

| | | |
|--------------------------|------------|------------|
| Investments | 10,894,184 | 10,894,184 |
| Other Limited Use Assets | 144,375 | 144,375 |
| Total Limited Use Assets | 11,038,559 | 11,038,559 |

Property, Plant, and Equipment

| | | |
|--------------------------------------|------------|------------|
| | 0 | 0 |
| Land and Land Improvements | 547,472 | 547,472 |
| Building and Building Improvements | 9,657,088 | 9,657,088 |
| Equipment | 9,625,066 | 9,614,476 |
| Construction In Progress | 1,058,659 | 532,158 |
| Capitalized Interest | 0 | |
| Gross Property, Plant, and Equipment | 20,888,285 | 20,351,194 |
| Less: Accumulated Depreciation | 12,764,979 | 12,716,411 |

Net Property, Plant, and Equipment 8,123,306 7,634,783

TOTAL UNRESTRICTED ASSETS 28,807,236 26,272,142

Restricted Assets

0 0

TOTAL ASSETS 28,807,236 26,272,142

2017-18 Actual BS

BALANCE SHEET

(Reflects 6/30/16 y/e audit reclasses)

LIABILITIES:

Current Liabilities

| | | |
|--|-----------|-----------|
| Accounts Payable | 1,371,664 | 1,044,650 |
| Notes and Loans Payable | 0 | |
| Accrued Payroll | 775,117 | 684,799 |
| Patient Refunds Payable | 0 | |
| Due to Third Party Payers (Settlements) | 709,007 | 649,537 |
| Advances From Third Party Payers | 0 | |
| Current Portion of Def Rev - Txs, | 2,046,518 | -4 |
| Current Portion - LT Debt | 35,000 | 35,000 |
| Current Portion of AB915 | | |
| Other Current Liabilities (Accrued Interest & Accrued Other) | 15,243 | 7,621 |

| | | |
|---------------------------|-----------|-----------|
| Total Current Liabilities | 4,952,549 | 2,421,603 |
|---------------------------|-----------|-----------|

Long Term Debt

| | | |
|---|-----------|-----------|
| USDA Loan | 2,930,000 | 2,965,000 |
| Leases Payable | 0 | 0 |
| Less: Current Portion Of Long Term Debt | 35,000 | 35,000 |

| | | |
|---------------------------------------|-----------|-----------|
| Total Long Term Debt (Net of Current) | 2,930,000 | 2,930,000 |
|---------------------------------------|-----------|-----------|

Other Long Term Liabilities

| | | |
|------------------|---|---|
| Deferred Revenue | 0 | 0 |
| Other | 0 | |

| | | |
|-----------------------------------|---|---|
| Total Other Long Term Liabilities | 0 | 0 |
|-----------------------------------|---|---|

| | | |
|-------------------|-----------|-----------|
| TOTAL LIABILITIES | 7,882,549 | 5,351,603 |
|-------------------|-----------|-----------|

Fund Balance

| | | |
|-------------------------------------|------------|------------|
| Unrestricted Fund Balance | 20,920,540 | 16,251,126 |
| Temporarily Restricted Fund Balance | 0 | |
| Equity Transfer from FRHG | 0 | |
| Net Revenue/(Expenses) | 4,147 | 4,669,413 |

| | | |
|--------------------|------------|------------|
| TOTAL FUND BALANCE | 20,924,687 | 20,920,539 |
|--------------------|------------|------------|

| | | |
|----------------------------------|------------|------------|
| TOTAL LIABILITIES & FUND BALANCE | 28,807,236 | 26,272,142 |
|----------------------------------|------------|------------|

Units of Service
For the period ending: July 31, 2017

| 31 | | | | | | 31 | | | | | | |
|---------------|-------------|----------------|--------------|---------------|---------------|-----------------------------------|--------------|----------------|-------------|--------------|---------------|---------------|
| Current Month | | | | | | Bear Valley Community Hospital | | | | | | |
| | | | | | | Year-To-Date | | | | | | |
| Jul-17 | Jul-16 | Actual -Budget | | Act.-Act. | | Jul-17 | Jul-16 | Actual -Budget | | Act.-Act. | | |
| Actual | Budget | Actual | Variance | Var % | Var % | Actual | Budget | Actual | Variance | Var % | Var % | |
| 54 | 29 | 45 | 25 | 84.6% | 20.0% | Med Surg Patient Days | 54 | 29 | 45 | 25 | 84.6% | 20.0% |
| 71 | 32 | 63 | 39 | 123.6% | 12.7% | Swing Patient Days | 71 | 32 | 63 | 39 | 123.6% | 12.7% |
| 515 | 546 | 396 | (31) | -5.7% | 30.1% | SNF Patient Days | 515 | 546 | 396 | (31) | -5.7% | 30.1% |
| 640 | 607 | 504 | 33 | 5.4% | 27.0% | Total Patient Days | 640 | 607 | 504 | 33 | 5.4% | 27.0% |
| 19 | 15 | 12 | 4 | 26.7% | 58.3% | Acute Admissions | 19 | 15 | 12 | 4 | 26.7% | 58.3% |
| 19 | 15 | 11 | 4 | 26.7% | 72.7% | Acute Discharges | 19 | 15 | 11 | 4 | 26.7% | 72.7% |
| 2.8 | - | 4.1 | 2.8 | #DIV/0! | -30.5% | Acute Average Length of Stay | 2.8 | - | 4.1 | 2.8 | #DIV/0! | -30.5% |
| 1.7 | 0.9 | 1.5 | 0.8 | 84.6% | 20.0% | Acute Average Daily Census | 1.7 | 1 | 1.5 | 0.8 | 84.6% | 20.0% |
| 18.9 | 18.6 | 14.8 | 0.3 | 1.4% | 27.7% | SNF/Swing Avg Daily Census | 18.9 | 19 | 14.8 | 0.3 | 1.4% | 27.7% |
| 20.6 | 19.6 | 16.3 | 1.1 | 5.4% | 27.0% | Total Avg. Daily Census | 20.6 | 20 | 16.3 | 1.1 | 5.4% | 27.0% |
| 46% | 44% | 36% | 0 | 5.4% | 27.0% | % Occupancy | 46% | 44% | 36% | 0 | 5.4% | 27.0% |
| 18 | 15 | 9 | 3 | 20.0% | 100.0% | Emergency Room Admitted | 18 | 15 | 9 | 3 | 20.0% | 100.0% |
| 1,064 | 1,000 | 917 | 64 | 6.4% | 16.0% | Emergency Room Discharged | 1,064 | 1,000 | 917 | 64 | 6.4% | 16.0% |
| 1,082 | 990 | 926 | 92 | 9.3% | 16.8% | Emergency Room Total | 1,082 | 990 | 926 | 92 | 9.3% | 16.8% |
| 35 | 32 | 30 | 3 | 9.3% | 16.8% | ER visits per calendar day | 35 | 32 | 30 | 3 | 9.3% | 16.8% |
| 106% | 100% | 133% | 133% | 133.3% | -20.8% | % Admits from ER | 106% | 100% | 133% | 133% | 133.3% | -20.8% |
| - | - | - | - | 0.0% | #DIV/0! | Surgical Procedures I/P | - | - | - | - | 0.0% | #DIV/0! |
| 8 | 21 | 20 | (13) | -61.9% | -60.0% | Surgical Procedures O/P | 8 | 21 | 20 | (13) | -61.9% | -60.0% |
| 8 | 21 | 20 | (12) | -57.1% | -60.0% | TOTAL Procedures | 8 | 21 | 20 | (12) | -57.1% | -60.0% |
| 135 | 295 | 684 | (160) | -54.2% | -80.3% | Surgical Minutes Total | 135 | 295 | 684 | (160) | -54.2% | -80.3% |

Units of Service
For the period ending: July 31, 2017

| Current Month | | | | | | Bear Valley Community Hospital | Year-To-Date | | | | | |
|---------------|--------------|----------------|-------------|--------------|---------------|-----------------------------------|--------------|--------------|----------------|-------------|--------------|---------------|
| Jul-17 | Jul-16 | Actual -Budget | | Act.-Act. | | | Jul-17 | Jul-16 | Actual -Budget | | Act.-Act. | |
| Actual | Budget | Actual | Variance | Var % | Var % | | Actual | Budget | Actual | Variance | Var % | Var % |
| 6,693 | 6,024 | 6,861 | 669 | 11.1% | -2.4% | Lab Procedures | 6,693 | 6,024 | 6,861 | 669 | 11.1% | -2.4% |
| 756 | 649 | 781 | 107 | 16.5% | -3.2% | X-Ray Procedures | 756 | 649 | 781 | 107 | 16.5% | -3.2% |
| 351 | 255 | 209 | 96 | 37.6% | 67.9% | C.T. Scan Procedures | 351 | 255 | 209 | 96 | 37.6% | 67.9% |
| 256 | 195 | 175 | 61 | 31.3% | 46.3% | Ultrasound Procedures | 256 | 195 | 175 | 61 | 31.3% | 46.3% |
| 57 | 50 | 60 | 7 | 14.0% | -5.0% | Mammography Procedures | 57 | 50 | 60 | 7 | 14.0% | -5.0% |
| 288 | 272 | 311 | 16 | 5.9% | -7.4% | EKG Procedures | 288 | 272 | 311 | 16 | 5.9% | -7.4% |
| 107 | 76 | 149 | 31 | 40.8% | -28.2% | Respiratory Procedures | 107 | 76 | 149 | 31 | 40.8% | -28.2% |
| 1,412 | 1,306 | 1,308 | 106 | 8.1% | 8.0% | Physical Therapy Procedures | 1,412 | 1,306 | 1,308 | 106 | 8.1% | 8.0% |
| 1,459 | 1,345 | 1,684 | 114 | 8.5% | -13.4% | Primary Care Clinic Visits | 1,459 | 1,345 | 1,684 | 114 | 8.5% | -13.4% |
| - | 200 | - | (200) | 0.0% | #DIV/0! | Specialty Clinic Visits | - | 200 | - | (200) | 0.0% | #DIV/0! |
| 1,459 | 1,545 | 1,684 | (86) | -5.6% | -13.4% | Clinic | 1,459 | 1,545 | 1,684 | (86) | -5.6% | -13.4% |
| 56 | 59 | 65 | (3) | -5.6% | -13.4% | Clinic visits per work day | 11 | 12 | 13 | (1) | -5.6% | -13.4% |
| 21.8% | 0.20 | 22.00% | 1.80% | 9.00% | -0.91% | % Medicare Revenue | 21.80% | 0.20 | 22.00% | 1.80% | 9.00% | -0.91% |
| 37.50% | 0.37 | 29.70% | 0.50% | 1.35% | 26.26% | % Medi-Cal Revenue | 37.50% | 0.37 | 29.70% | 0.50% | 1.35% | 26.26% |
| 37.40% | 0.38 | 44.50% | -0.60% | -1.58% | -15.96% | % Insurance Revenue | 37.40% | 0.38 | 44.50% | -0.60% | -1.58% | -15.96% |
| 3.30% | 0.05 | 3.80% | -1.70% | -34.00% | -13.16% | % Self-Pay Revenue | 3.30% | 0.05 | 3.80% | -1.70% | -34.00% | -13.16% |
| 142.5 | 155.00 | 138.0 | (12.5) | -8.1% | 3.3% | Productive FTE's | 142.46 | 155.00 | 138.0 | (12.5) | -8.1% | 3.3% |
| 160.0 | 174.00 | 154.5 | (14.0) | -8.1% | 3.6% | Total FTE's | 159.97 | 174.00 | 154.5 | (14.0) | -8.1% | 3.6% |



CFO REPORT for

September 5, 2017, Finance Committee and September 13, 2017, Board meetings

Healthcare Reform – Covered California and The Better Care Reconciliation Act of 2017, American Health Care Act, and the Affordable Care Act

it is not certain what Congress will do related to healthcare reform when they return from the August recess. There may be attempts to revive efforts at Repeal/Replace. Others think there may be efforts to work on changes needed in the Affordable Care Act.

Below is an article discussing Covered California -

Covered California Board Acts to Promote Stability of Individual Health Insurance Market

AUGUST 25, 2017 [AMBER KEMP](#)

At its meeting last week, the Covered California Board of Directors announced it would take three actions in an effort to stabilize the individual health insurance market and continue to provide consumers with choice and the lowest rates possible in the face of persistent national uncertainty. First, Covered California will wait until Sept. 30 to decide whether its health plans must add a cost-sharing reduction (CSR) surcharge to Silver-tier plans. In past years, the federal government reimbursed health insurance companies for those costs; that funding is now in question. If Congress and the President decide to fund CSRs by Sept. 30, rates for Silver-tier plans could move forward without the added CSR surcharge. If a decision is not made by Sept. 30, Covered California will implement its contingency plan in which the total premium would reflect the CSR surcharge for consumers with Silver-tier plans who receive subsidies.

However, Covered California reports that, in most cases, consumers would not see a “net” change in what they would pay since their premium tax credit would also increase. Last week, a report from the Congressional Budget Office found that ending the CSR reimbursements would raise premiums by about 20 percent in 2018 and 25 percent in 2020 and subsequent years. In addition, because the premium tax

credit would rise along with the premiums, ending CSR reimbursements would increase the federal deficit by \$194 billion over the next 10 years.

Secondly, the board adopted new contract language intended to provide health plans with more assurances during this time of uncertainty in order to maximize consumer choice and participation in 2018 with the lowest rates possible. If a carrier incurs unanticipated losses in 2018 due to changes in existing federal policies or other uncertainties, such as the lack of enforcing the individual mandate, the carrier will be able to request a recoupment of those losses over a three-year period (plan years 2019 to 2021). Also, if a carrier experiences unanticipated profits due to changes in existing federal policies, such as the resumption of a reinsurance fund, those profits will be factored into their rates over the next one to three plan years.

Finally, the board approved an increase of approximately \$5 million to Covered California's marketing and outreach budget for 2018, for a total of \$111 million. The additional funding will be used to increase the number of television and radio ads around key dates throughout the upcoming open-enrollment period, which will run from Nov. 1 through Jan. 31. Covered California will also engage in a more robust regional marketing direct-mail campaign for consumers affected by the CSR surcharge.

Accounts Receivable / TruBridge

Accounts Receivable days since July have averaged 73. The most recent three weeks have averaged 71. Our goal for this fiscal year is 65 days or less. We continue to meet in a weekly call with TruBridge working to continue the trend of reducing accounts receivable days.

Laboratory - coagulation system

A coagulation system produces coagulation results, PT & PTT, to monitor anticoagulation therapy and coagulation status. Our existing CA - 500 coagulation system (which is approximately 10 years old) is quickly nearing its "end-of-life". As it will no longer be supported. Siemens Healthcare Diagnostics has offered an option to upgrade to the Sysmex CA - 620 now by offering a 12 month zero-dollar lease. At the end of the 12 months we could continue to lease the equipment for \$667 per month or purchase. The equipment cost is \$16,000. Taking advantage of this offer will allow us to replace aging equipment soon and include replacement cost in the fiscal year 2019 budget.

IT / Network Evaluation and Strategic Plan

Several years ago, in response to the requirements of “Meaningful Use” we had CPSI/Truebridge conduct a risk analysis. This assessment reviewed processes, systems, physical, and virtual security. Over the past several years we have used that to help guide changes to our IT systems. We have completed most of the items identified in that assessment.

In light of the changes we have made in our network over the past 12 to 18 months (new endpoint protection, intrusion detection systems, new servers, updated switches and routers, and a new phone system). We are working to develop a request for proposal for services to provide a network / IT assessment. This would include evaluating current systems and software, plans for additional software and systems, and recommendations for additional software and systems and associated training for IT staff.