

# CPMC Development Agreement

Revision from 4.5.12 Draft

#	Section	Change
<b>Development Agreement</b>		
1.	§ 8.2.1	<p><b>Annual Review and Compliance.</b></p> <p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Extend period for CPMC’s annual compliance report to allow for completion of financial reporting and auditing.</li> </ul> <p>Revise as follows:</p> <p>“<u>Required Information from CPMC</u>. Within one hundred <del>fifty</del> <u>twenty</u> (<del>120</del><u>150</u>) days following the end of each fiscal year (as defined in <u>Exhibit F</u>), CPMC shall provide a report to the Planning Director showing compliance,...”</p>
<b>Exhibit C - Scheduling &amp; Phasing</b>		
2.		<p><b>Scheduling and Phasing Plan.</b></p> <p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Change the date for the City’s completion of the San Jose Avenue project from 12.31.12 to 2.28.13.</li> </ul> <p>Revise as follows:</p> <p>“On or before the later of <del>December 31, 2012</del> <u>February 28, 2013</u> or four (4) months from commencement of San Jose Avenue CPMC Project”</p>
<b>Exhibit F - Healthcare</b>		
3.	§ 1.a	<p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Non-substantive document clean-up.</li> </ul> <p>Revise second sentence: per <del>diem</del><u>calendar day</u> basis.</p>
4.	§ 2.d	<p><b>Medi-Cal Managed Care.</b></p> <p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Include current level of performance to facilitate future monitoring of Medi-Cal Managed Care obligation.</li> </ul> <p>Revise as follows:</p> <p>“Of the total New Enrollees, CPMC shall accept approximately 1,500 new eligible Seniors and Persons with Disabilities (“SPDs”) over the number of SPDs assigned to the medical group that designates CPMC’s California, Pacific, or Davies Campus as their primary hospital as of January 1, 2012 (<u>i.e. 1,268</u>).”</p>
5.	§ 2.e	Correct typographical error last sentence: “ <del>CMPC's</del> <u>CPMC's</u> ”
6.	§ 2.f	<b>Medi-Cal Managed Care.</b>

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		<p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Clarify method for calculating costs to CPMC for providing services for Medi-Cal Managed Care obligation.</li> </ul> <p>Revise third sentence and beginning of fourth sentence to read as follows:</p> <p>“For purposes of this Section, CPMC's "<b>costs</b>" shall mean the reasonable cost of providing the applicable services as determined in accordance with <del>Medicare/Medi-Cal</del><u>reasonable</u> cost finding principles <u>consistently applied</u>. These costs may <u>in part</u> be derived by....”</p>
7.	§ 2.f	<p><b>Medi-Cal Managed Care.</b></p> <p>Summary of changes:</p> <ul style="list-style-type: none"> <li>CPMC is generally prohibited by State law from directly securing physician services. The Innovation Fund may be used to procure physician services for Medi-Cal patients.</li> </ul> <p>Delete last sentence:</p> <p><del>“Any additional costs incurred by CPMC in securing physician services for New Enrollees may be included in the Baseline Commitment, but shall not count toward determination of the Maximum Medi-Cal Shortfall.”</del></p>
8.	§ 3.e	<p><b>Innovation Fund.</b></p> <p>Summary of Changes:</p> <ul style="list-style-type: none"> <li>Clarify goals of the Health Care Innovation Fund to specify funding for the treatment of mental health patients.</li> </ul> <p>Revise as follows:</p> <p>“Provide infrastructure support for community-based health, human service and behavioral health service providers, with a specific focus on Tenderloin, Mission, Western Addition, South of Market, Bayview and Chinatown neighborhoods, including <del>community-based behavioral health-care service providers</del> <u>providers of community-based alternatives to inpatient psychiatric care that allows patients to receive services in the most appropriate and least restrictive setting.</u> (approximately 25%)”</p>
9.	§ 7.a	<p><b>St. Luke’s Hospital.</b></p> <p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Non-substantive document clean-up.</li> </ul> <p>Revise second paragraph as follows:</p> <p>“If City initiates Arbitration, CPMC shall deliver to the City and Arbitrator, prior to the conclusion of the Arbitration and issuance of the award, a report from <del>an</del><u>its</u> independent third party auditor (<del>such as</del> Ernst and Young or successor auditor hired by CPMC as set forth in Section</p>

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		14.b below) stating its opinion that the information upon which the Operating Margin calculations are based in connection with a determination of an Operating Margin Failure is fairly stated in all material respects and is in conformance with applicable GAAP.”
10.	§ 12	<p><b>Health Service System.</b></p> <p>Summary of Changes:</p> <ul style="list-style-type: none"><li>• Language cleanup</li><li>• Clarify that the “Annual Rate Increase” limitation applies to City employees and/or retirees that are “in-network” with CPMC.</li><li>• Clarify that CPMC will charge the customary rates (higher than in-network) for City employees and/or retirees that are “out-of-network” with CPMC.</li><li>• Clarify that any amounts charged by CPMC over these limits will be refunded to the City through the Health Service Trust Fund.</li></ul> <p>Revise as follows:</p> <p>a. The City's Health Service System ("<b>HSS</b>") contracts with HMO, PPO and Administrative Service Organizations (the "<b>City Insurers</b>") to provide health care coverage to its members. The City Insurers currently include Blue Shield, Kaiser and United Health Care.</p> <p>b. To promote the goal of ensuring that the cost of building the Cathedral Hill Hospital and the St. Luke’s Hospital shall not be disproportionately passed on to the City, CPMC and City have agreed to the following rate increase limitations:</p> <p>c. For the period from January 1, 2013 to December 31, 2015, the negotiated fee for service increase for CPMC shall not exceed 5% annually as compared to the prior fiscal year fee for service rates, and for the following seven (7) years CPMC shall limit annualized increases to no more than the Medical Rate of Inflation plus 1.5% (the "<b>Annual Rate Increase</b>"). Fee for service rates include those services paid on a percentage of charge, case rate, or per diem rate and encompass all rates charged to the City Insurers on an encounter or per service basis. Such annual fee for service increase computation shall be on an aggregated blended basis computed on the previous year rates and services and shall not include incentives payments or shared savings payments earned by the facility. This means that, for the same claims from the previous year (priced on the current year's rates as compared to the prior year), the increase in the amount shall not exceed the Annual Rate Increase. The City Insurers may change periodically and the application of this limit is contingent on CPMC having a contract to participate in the</p>

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		<p><u>product/network for HSS members with the applicable City Insurer. <del>These limits, and this limit</del> shall apply <del>only</del> to <u>all</u> services provided to <u>all</u> HSS members <u>enrolled in the product and covered by the applicable City Insurer even if the HSS member selected a primary care physician and /or physician group or independent provider association ( IPA) that is not typically associated with CPMC. This Section does not apply to any City Insurer that does not have a contract with CPMC to participate in a HSS member/product or network.</u></u></p> <p>d. <u>CPMC will comply with all applicable laws and regulations that govern hospitals as to how patients must be treated when they present to CPMC for emergency services. This includes those patients with or without insurance coverage. CPMC shall also comply with all applicable provisions of Health and Safety Code Sections 1262.8, 1317.1, 1371.4 and 1386. In addition, if CPMC becomes a non-participating provider of any City Insurer's product/network for HSS Members after July 1, 2012, CPMC will work in good faith with the applicable City Insurer to establish a repatriation process for the applicable HSS members that are identified by the treating physician to be "stable for transfer" and for which the City Insurer has located a receiving physician to accept the HSS member at an appropriate facility that participates in the applicable City Insurer's product/network . The repatriation process may include but is not limited to establishing direct telephone access between the parties twenty-four hours a day/seven days a week, assistance coordinating transport and transfers to the other facilities once identified as being available to receive the HSS member and delivering patient notifications from the City Insurer to HSS Members when appropriate.</u></p> <p>e. <u>In the event that the City and any City Insurer elects to offer a product/network that does not include CPMC as a participating provider for HSS members in the future, and CPMC continues to have a contract with the applicable City Insurer, CPMC will agree to extend to the City Insurer the same discount that CPMC (or an Affiliate of CPMC) extends to that City Insurer for all products/networks in which CPMC (or an Affiliate of CPMC) does not participate (the <b>Non-Participating Provider Rate</b>)". The Non-participating Provider Rate will be applied to all services rendered to all the HSS members enrolled in the product/network, including but not limited to emergency services. This Section is not part of the Annual Rate Increase commitment above; however, the City may request an Independent Actuary to verify with the City Insurer that the rate was applied correctly as set forth in the applicable contract between the City Insurer and CPMC and per Section 12.g below.</u></p> <p><del>d.f.</del> <u>CPMC will <del>and include and</del> provide reasonable access to City representatives <del>to be included in</del> related wellness and quality initiatives that impact HSS Members that participate in these types of programs</u></p>
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		<p>administered or supported by CPMC ("<del>ACO</del> <u>ACO</u> Program").</p> <p><del>e.g.e.</del> CPMC and the City shall, if requested by the City <u>within one year of the end of the applicable fiscal year</u>, jointly engage an independent third party actuary acceptable to all parties (the "<b>Independent Actuary</b>"), with not less than ten (10) years experience, to verify <u>for the prior fiscal year</u>, whether CPMC has satisfied the Annual Rate Increase commitment <u>outlined in Section 12.c above and verify the Non-Participating Provider Rates were applied as agreed in Section 12.e above</u>; provided however, the applicable City Insurer has also consented to such actuarial review and CPMC <del>participates in the network</del> <u>has a contract</u> with that City Insurer <del>for to participate in at least one HSS members</del> <u>member product/network</u>. The Independent Actuary shall be a "disinterested person", which is someone who is not now, and within the preceding five (5) years has not been, employed or hired by, or had a business relationship with, either Party or any entity owned or controlled in whole or in part by either Party. <del>Other than requests for information initiated by the Independent Actuary to a party, all City and CPMC communications with the Independent Actuary shall be in writing and delivered to all parties, or in a joint meeting with City and CPMC staff present.</del> CPMC and the City shall hire the Independent Actuary using a standard contracting form approved by all the <del>parties</del> <u>Parties</u>, with confidentiality required of all of the <del>parties</del> <u>Parties</u> for all information reviewed by the Independent Actuary. CPMC and the City shall pay one-half of the cost of the contract, although CPMC shall reimburse the City for its share as a City Cost under the Agreement (and the Independent Actuary shall not be informed of CPMC's reimbursement obligation). Because the City is not paying for the Independent Actuary, the City's contracting provisions in the San Francisco Administrative Code will not apply. The Independent Actuary shall determine and inform <del>all the parties</del> <u>Parties</u>, in a writing delivered jointly to CPMC <del>and the City, and the City Insurer</del> whether CPMC has satisfied the Annual Rate Increase commitment <del>(and if not, the percentage by which CPMC has exceeded the permitted Annual Rate Increase and the increased costs to the City or the City Insurer resulting from CPMC's failure to adhere to the Annual Rate Increase limit).</del> <u>and the Non-Participating Provider Rate commitment</u>. The determination of the Independent Actuary shall be final and binding on <del>all the</del> Parties. If CPMC exceeded the permitted Annual Rate Increase <u>or the Non-Participating Provider Rate commitment</u>, then CPMC shall pay to the <del>City Insurers</del> <u>Health Service Trust Fund</u> within thirty (30) days of receipt of the Independent Actuary's determination, <u>for its non-performance and as liquidated damages, the amount of the difference between</u> <del>the amount of the increased costs</del> <u>paid by the applicable City Insurer to CPMC and the amount payable to CPMC by the applicable City Insurer should have paid to CPMC consistent with those commitments</u> as determined by the Independent Actuary. <del>Data and</del> <u>The</u> information <del>supporting the results of</del></p>
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		<p><del>such actuarial review</del><u>reviewed by the Independent Actuary</u> shall remain confidential <del>among the parties, the applicable City Insurer and the Independent Actuary.</del></p> <p><del>f.h. f.</del> While CPMC must limit Annual Rate Increases as described above, nothing in this Exhibit shall limit a City Insurers' right or willingness to accept or reject any proposed Annual Rate Increase, or to negotiate a lower Annual Rate Increase, in any fiscal year. The Annual Rate Increases set forth above represent the maximum increases that CPMC may charge to City Insurers for which CPMC participates in the HSS member's <del>network</del><u>product</u>. CPMC and the City agree to work together in good faith to keep health costs as low as possible, and the City <del>does not necessarily expect</del><u>expects that the</u> increases <del>at</del><u>be less than</u> the maximum levels identified above.</p>
11.	§ 14.a	<p><b>Reporting.</b></p> <p>Summary of Changes:</p> <ul style="list-style-type: none"> <li>Extend period for CPMC's annual compliance report to allow for completion of financial reporting and auditing.</li> </ul> <p>Revise first sentence as follows:</p> <p>“As part of each annual Compliance Statement (and after the Term within one hundred <del>twenty</del><u>fifty</u> (<del>120</del><u>150</u>) days following the end of each fiscal year....”</p>
12.	§ 14.b	<p><b>Reporting.</b></p> <p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Non-substantive document clean-up.</li> </ul> <p>Revise as follows:</p> <p>“If the Baseline Commitment exceeds forty percent (40%) of EBITDA as set forth in Section 1.a of this <u>Exhibit F</u>, then the CPMC EBITDA calculations submitted in accordance with this Agreement shall be accompanied by a <del>compliance</del>-report from <u>CPMC's auditor</u>, Ernst and Young (or successor independent auditors) stating that the financial information so submitted is fairly stated and consistent in all material respects with GAAP and the audited financials of Sutter Health.”</p>
13.	Att. A	<p><b>Innovation Fund Agreement.</b></p> <p>To come.</p>
<b>Exhibit G – Housing</b>		
14.	§ 4.d.i	<b>Downpayment Loan Assistance Program</b>

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		<p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Bring CPMC DALP program into alignment with the City's existing DALP program by requiring a minimum downpayment of 5% from the homeowner.</li> </ul> <p>Delete last sentence.</p> <p><del>“(4) the minimum downpayment requirement from Borrower's own funds is increased from 2.5% to 5% of the total purchase price of the applicable property.”</del></p>
15.	§ 4.d.iii	<p><b>Downpayment Loan Assistance Program</b></p> <p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Clarify maximum loan amount available for borrowers is either \$200,000 or 45% of the purchase price.</li> </ul> <p>Revise as follows:</p> <p>“The maximum CPMC DALP loan amount to each Borrower is <u>the lesser of</u> Two Hundred Thousand Dollars (\$200,000.00) <del>and the limit on the loan amount to 20</del><u>or 45%</u> of the purchase price <del>shall not apply.</del>”</p>
<b>Exhibit H – Public Improvements</b>		
17.	6.a	<p><b>Safe Passage Program.</b></p> <p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Remove Tenderloin Housing Clinic as grant recipient. Grants will be administered by OEWD through a competitive bidding processes;</li> <li>Change description of Safe Passage Program;</li> </ul> <p>Revise as follows:</p> <p>“The Safe Passage Grant shall be used by City to develop and implement a pilot "<b>Safe Passage Program</b>", creating a designated safe walking route for children through the Tenderloin <u>connecting schools with organizations that provide after school programming and services to children and their families</u>, <del>to the Powell Street and/or Civic Center BART/Muni station at Market Street</del>, which pilot program is approved by or on behalf of the Director of Department of Public Works on behalf of City. The City, acting through OEWD, shall enter into a grant agreement with <u>a Tenderloin Housing Clinic, or another</u> nonprofit organization selected by OEWD, to create and implement the Safe Passage Program.”</p>
<b>Exhibit J – List of Approvals</b>		
18.	II.A	<b>St. Luke's Campus. Planning Commission.</b>

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		<p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Non-substantive document clean-up.</li> </ul> <p>Revise as follows</p> <p><del>“2. Recommending Approval of Amendment to Planning Code Text (Resolution No. ____, adopted ____, 2012).”</del></p> <p><u>2. 3.</u> Recommending Approval of <u>Amendment to the Planning Code Text</u> <u>and</u> Amendments to Planning Code Height and Bulk District Map and Planning Code Special Use District (“SUD”) Map (Resolution No. ____, adopted ____, 2012).”</p>
19.	III.A	<p><b>Cathedral Hill Campus. Planning Commission.</b></p> <p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Non-substantive document clean-up.</li> </ul> <p>Revise as follows.</p> <p>“1. Recommending Approval of Amendment to General Plan Van Ness Area Plan Text <del>(Resolution No. ____, adopted ____, 2012).</del></p> <p><del>2. and</del> Recommending Approval of Amendment to General Plan Urban Design Element Height and Bulk Maps and Van Ness Area Plan Maps (Resolution No. ____, adopted ____, 2012).</p> <p><del>3. Recommending Approval of Amendment to Planning Code Text (Resolution No. ____, adopted ____, 2012).</del></p> <p><u>2. 4.</u> Recommending Approval of <u>Amendment of Planning Code Text</u> <u>and</u> Amendment to Planning Code Height and Bulk District Map and Planning Code SUD Map (Resolution No. ____, adopted ____, 2012).</p>
20.	III.A	<p><b>Cathedral Hill Campus. Planning Commission.</b></p> <p>Summary of changes:</p> <ul style="list-style-type: none"> <li>Non-substantive document clean-up.</li> </ul> <p>Revise as follows:</p> <p><u>5. 7.</u> Approval of General Plan Referral for Major Encroachment Permit (Construction of Underground Tunnel, Underground Fuel Tanks, Cedar Street Improvements, <del>Cedar Street Conversion West of Cathedral Hill MOB Entrance from One Way to Two Way</del>) and Sidewalk-Widening Legislation). (Motion No. ____, adopted ____, 2012.</p>
<b>Exhibit K – Transportation</b>		
21.	2.a	<p><b>SFMTA Fee.</b></p> <p>Summary of Changes:</p> <ul style="list-style-type: none"> <li>Clarify that the parking entry and exit fee applies in instances where</li> </ul>



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		<p>drivers have the cost of parking compensated.</p> <p>Revise as follows:</p> <p>“The SFMTA Fee shall not apply to deliveries and short term drop offs, turn arounds and others provided with a short courtesy entry and exit <del>or</del> <del>when parking taxes do not otherwise apply</del>, but it shall apply to any free parking offered to CPMC employees, contractors or agents.”</p>
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