

AGREEMENT FOR PHYSICIAN SERVICES

This Agreement for Physician Services (the "Agreement") is made and entered into as of \_\_\_\_\_ by and between \_\_\_\_\_ County Public Hospital District No. \_\_\_\_ of \_\_\_\_\_ County, Washington, (the "District"), a Washington municipal corporation, and \_\_\_\_\_ (the "Physician").

RECITALS

A. The District owns and operates \_\_\_\_\_ Hospital in \_\_\_\_\_, Washington (the "Hospital") and provides necessary health services to the residents of the District and to other persons, many of whom are poor and infirm;

B. There is not a sufficient number of physicians practicing \_\_\_\_\_ within the District to meet adequately the health needs of persons residing in the District and other persons served by the District;

C. It is consistent with the purpose of chapter 70.44 RCW and in the best interest of the District to provide for the health care needs of persons residing in District and other persons to enter into contractual relationships with qualified, licensed physicians upon such terms and conditions as will assist the District in meeting its health care responsibilities;

D. The Physician wishes to relocate his/her practice from \_\_\_\_\_ and

E. The Physician specializes in the practice of \_\_\_\_\_ and wishes to provide medical services to persons residing in the District's service area and other persons served by the District.

NOW, THEREFORE, in consideration of the mutual benefits to be derived, and all the terms, conditions and covenants hereafter set forth, the parties agree as follows:

AGREEMENT

1. TERM. This Agreement shall begin on \_\_\_\_\_, 200\_\_ (the "Commencement Date"), and shall end upon the Physician's repayment of all amounts owed to the District (the "Term"). The period during which District provides the Income Subsidy to the Physician shall begin on the Commencement Date and continue for twelve (12) months, ending

\_\_\_\_\_, 200\_\_\_ (the "Subsidy Period"). [Optional: The Subsidy Period may be extended for an additional period of twelve (12) months, ending \_\_\_\_\_ upon the Physician's written request received by District at least ninety (90) days before the end of the initial Subsidiary Period and the District's approval of this request.]

2. MEDICAL PRACTICE. Beginning on the Commencement Date, and through the remaining Term, as defined in Section I herein, the Physician shall perform the following duties:

2.1 Full-Time Practice. The Physician shall provide professional \_\_\_\_\_ services in \_\_\_\_\_, Washington, on a full-time basis (the "Practice") at a location approved in advance by the District. The Recruited Physician shall provide inpatient and outpatient services not fewer than [\_\_\_\_\_ days or \_\_\_\_\_ hours] per week. The Physician shall not provide professional medical services outside the scope of this Agreement.

The Physician shall be available for consultations on matters within the Physician's area of specialty, either at the Hospital or by telephone, on a 24-hour-per-day, 7-day-per-week basis, unless other appropriate coverage arrangements are made in advance. The Physician shall take no more than [\_\_\_\_\_ days] of leave during any 12-month period of this Agreement. Leave shall include any period of time during which the Physician is unable to provide for any reason the services specified in this Agreement, including, but not limited to, leave for vacation, medical education, sick time and holidays.

2.2 Qualifications of Physician. The Physician shall, throughout the Term (a) maintain an unrestricted licensed to practice medicine in the state[s] of Washington [and Idaho], (b) maintain membership in good standing on the Hospital's active medical staff (the "Medical Staff"), (c) be board-certified or eligible in \_\_\_\_\_, and (d) maintain all customary narcotics and controlled substances numbers.

2.3 Performance. The Physician shall perform the duties associated with the Practice within the scope of the Physician's qualifications and privileges granted and consistent with the community standards of practice. In addition, the Physician shall actively participate in all appropriate medical staff committees, educational programs, and related activities.

2.4 Charity Care. The Physician shall provide services free of charge or at reduced rates in accordance with the charity care policies of the Hospital. The Physician shall

accept patients regardless of payment source, specifically including Medicare and Medicaid patients.

2.5 Fees. The Physician shall prepare a schedule listing the fees to be charged for the Physician's professional services. Such fees shall not exceed the prevailing fees for comparable services in \_\_\_\_\_ County. This fee schedule shall be submitted to the District for its approval before the Commencement Date.

2.6 Insurance. The Physician shall at all times during the Term maintain professional liability insurance in an amount and form acceptable to the District. The insurance shall provide coverage for any occurrences during the Term regardless of when a claim is made.

2.7 Billing for Services and Accounting for Revenue. The Physician shall bill the appropriate payor for all patients treated by the Physician. The billed fees for all such services shall be separately identified and shall be consistent with the schedule required by Section 2.5 of this Agreement. The Physician shall submit bills for his/her services within two (2) weeks of when the services were provided. Physician shall use commercially reasonable efforts to collect for services billed. The Physician shall maintain a separate accounting of the revenue and expenses accruing from the services rendered by the Physician during the Term. The Physician further agrees to allow a designated officer or employee of the District to inspect such records and any agreements between the Physician and any billing or collecting agent at the end of each month and at other convenient times during the Term, if so requested.

3. DUTIES OF DISTRICT. District shall perform the following duties:

3.1 Relocation Expense. The District shall reimburse the Physician for all approved relocation expenses up to \$\_\_\_\_\_ upon receipt of documentation of such expense consistent with District policy.

3.2 Income Subsidy.

a. Definitions. For purposes of this Agreement:

1. "Gross Collections" means all monies collected for the Physician's professional fees and ancillary services in office or hospital practice and any other income from Physician's practice of medicine during the Subsidy Period.

2. "Income Subsidy" means the total amount of the subsidy paid by the District to subsidize the Physician's Practice during the Subsidy Period.

3. "Professional Expenses" means expenses that are: (i) incurred during the Subsidy Period; (ii) normally and reasonably associated with the operation of the Practice; (iii) allocable to the Physician; and (iv) deductible for federal income tax purposes. Professional Expenses include the reasonable salary paid to the Physician. Specifically excluded from Professional Expenses are contributions to retirement or deferred compensation plans on behalf of the Physician and payment of federal, state and local income taxes. All items to be included in Professional Expenses are subject to the District's prior written approval.

3.3 Calculation and Payment of Subsidy. The District shall subsidize the Recruited Physician's Practice by an amount not to exceed \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Maximum Subsidy Amount") if the Professional Expenses exceed the Collections during the Subsidy Period. [Optional: If the parties agree to renew this Agreement for an additional 12 months, the District shall subsidize the Physician's Practice up to an amount not to exceed [\$\_\_\_\_\_] during the second 12 months of the Subsidy Period if the Physician's Professional Expenses exceed his Gross Collections during the second 12 months.] The District will advance subsidy payments each month equal to the amount, if any, by which the Professional Expenses for the month exceed the Collections for the month. The Recruited Physician shall submit documentation to the District at the close of each month of the Subsidy Period in order for the District to determine the amount of subsidy due, if any, for that month ("Necessary Documentation"). Subsidies extended pursuant to this section shall be forwarded to the Physician within fifteen (15) days of receipt by the District of the Necessary Documentation.

3.4 Repayment of Excess Monthly Income. In each month of the Subsidy Period that the Gross Collections exceed the Professional Expenses (the "Excess Collections"), the Physician agrees to pay the Excess Collections to the District to be applied to any Income Subsidy the District advanced during the preceding months of the Subsidy Period. In no event, however, shall the Physician be required to reimburse the District by an amount greater than the Excess Collections for that month. In the event the payments due to the District hereunder are not made as set forth above, the outstanding balance shall bear interest from the date payment is due until

the date paid at the prime rate, as published in the Wall Street Journal on the date payment is due, plus one percent per annum.

3.5 Final Settlement of Reimbursement Obligation.

Within thirty (30) days of the end of the Subsidy Period or the early termination of this Agreement, the Physician shall pay the District the value of the Physician's accounts receivable as of the end of the Subsidy Period or the early termination date. Upon receipt of the value of the Physician's accounts receivable, the District will calculate the amount of the Income Subsidy it paid to the Physician. The Physician shall repay the amount of the Income Subsidy, if any, by making monthly payments of principal and interest to the District over a forty-eight-month period and bearing interest at the prime rate, as published in the Wall Street Journal on the last day of the Subsidy Period, plus one percent per annum. The Physician shall execute a promissory note in favor of the District evidencing the repayment obligation set forth above. The monthly payment due on the promissory note shall be forgiven for each month that the Physician maintains a full-time practice in compliance with all terms and conditions of this Agreement.

3.6 Security Interest. The Physician does hereby grant the District a security interest in the Physician's practice revenue (the "Collateral") as security for the full and prompt performance of the Physician's duties hereunder. Upon request, the Physician shall execute a UCC-1 Financing Statement to enable the District to perfect its security interest in the Collateral. Upon satisfaction by the Physician of its obligations hereunder, including, but not limited to, its obligations under Sections 3.2 through 3.5, the District shall release its security interest. Upon the occurrence of a default hereunder, without further notice to the Physician or the opportunity to cure, the District shall be entitled to exercise all of the rights and remedies of a secured creditor under Article 9 of the Washington Uniform Commercial Code and to pursue such other legal and equitable remedies as may be available to it, including, but not limited to, seeking injunctive relief.

4. INDEPENDENT CONTRACTOR. The Physician shall not be constituted by this Agreement to be an agent or employee of the District. The services of the Physician under this Agreement shall be those of independent contractor practicing the profession of medicine. Accordingly, the Physician understands and agrees that the Physician shall not be entitled to any of the rights and privileges established for employees of the District, such as vacation, sick leave with pay, paid days off, health insurance, life insurance, accident insurance, or

severance pay upon termination of this Agreement. It is further expressly agreed and understood that the District will not withhold any sum due or payable by or on behalf of the Physician as withholding for income tax, employment tax, Social Security, or any other withholding pursuant to any law or requirement of any governmental body and that all such payments as may be required by law are the sole responsibility of the Physician. It is further expressly agreed that except with respect to the obligations specifically set forth in this Agreement or in the Medical Staff Bylaws, and Hospital rules, regulations and policies. The District shall neither have nor exercise any control over the professional medical judgment or methods used by the Physician in the performance of services hereunder. However, the Physician agrees that in addition to observing the foregoing requirements, the Physician shall at all times perform his duties and functions in strict conformance with currently approved practices in his field of medicine and in a competent and professional manner.

5. ACCESS TO PROVIDER'S BOOKS AND RECORDS BY SECRETARY OF HEALTH AND HUMAN SERVICES OR AUTHORIZED REPRESENTATIVE. The following clause is included because of the possible application of Section 1861(v)(1)(I) of the Social Security Act to this Agreement, but if that section should be found inapplicable to this Agreement, this clause shall be deemed not to be part of this Agreement and shall be null and void:

Until the expiration of four years after the furnishing of services under this Agreement, the Physician shall make available upon written request of the Secretary of Health and Human Services or the Comptroller General of the United States, or any of their duly authorized representatives, this Agreement and such books, documents, and records of the Physician as are necessary to certify the nature and extent of the costs hereunder. If the Physician carries out any of the duties under this Agreement through a subcontract, for the value or cost of Ten Thousand and No/100 Dollars (\$10,000.00) or more over a 12-month period with a related organization, such contract shall contain a clause placing the same duty on the subcontractor as this contract places on the Physician. This clause shall survive the termination of this Agreement according to its terms.

In the event the law or regulations are effectively amended to increase or decrease the annual amount necessary to require this clause, the amount set forth herein shall be deemed amended accordingly. Notwithstanding the presence of this clause in

this Agreement, this clause shall only be applicable in the event the actual dollar amount paid during any 12-month period equals or exceeds the Government threshold amount.

6. TERMINATION. Before the end of the Term, the District shall be relieved of any further obligation under this Agreement and may terminate this Agreement immediately upon providing the Physician with written notice if any one of the following events occurs:

a. The Physician's license to practice medicine in the State of Washington [or Idaho] is revoked, restricted or suspended or the Physician permits his license to expire;

b. The Physician's medical staff privileges at the Hospital are terminated, suspended, restricted or if and when he ceases to be a fully qualified member of the Medical Staff;

c. The Physician is terminated for cause from participation in any third-party payor plan, including but not limited to Medicare or Medicaid;

d. The Physician is convicted of any offense punishable as a felony or engages in unprofessional conduct as defined in RCW 18.130.180;

e. The Physician is not qualified to perform his essential job functions with or without reasonable accommodation as defined by federal and state disabilities laws; or

f. The Physician fails to perform any term or condition of this Agreement, or falls to comply with the policies, standards or regulations of the Hospital after written notice and a reasonable opportunity to cure.

7. INVOLUNTARY ABSENCE FROM WORK. Physician shall be allowed to be involuntarily absent from work due to illness or injury for fourteen (14) total (not necessarily consecutive) working days during the contract period. Involuntary absence from work in excess of fourteen (14) working days total shall result in subtraction from guaranteed monthly income of up to \$\_\_\_\_\_ per working day to be determined by District. District shall have right to access personal medical records of Physician if involuntary absence from work exceeds fourteen (14) working days. If involuntary absence from work exceeds ninety (90) consecutive days, contract shall, at the discretion of the District, terminate.

8. DISPUTE RESOLUTION. All disputes relating to this Agreement shall be resolved by the dispute resolution process set forth in Exhibit A.

9. NOTICES. The District shall be represented by its administrator, who has authority to act for the District with respect to matters relating to the interpretation and performance of this Agreement. All correspondence and notices to the District shall be directed to the Administrator's attention at Pullman Memorial Hospital, 1125 NE Washington Avenue, Pullman, Washington 99163. All correspondence and notices to Physician shall be directed to

\_\_\_\_\_.

Notices shall be delivered personally, delivered by facsimile or mailed by certified mail, return receipt requested. The designated representative and addresses may be changed as necessary by giving notice in the same manner.

10. GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of Washington.

11. NO ASSIGNMENT. The Physician shall not assign, delegate, or otherwise transfer any duties or obligations under this Agreement without the prior written consent of the District. Any effort to do so shall be void and be cause for immediate termination of this Agreement by the District.

12. ENTIRE AGREEMENT/AMENDMENT. This Agreement constitutes the entire agreement between the parties and supersedes any and all other prior agreements or understandings, either oral or written, relating in any way to the subject matter of this Agreement, and it may be amended only in writing.

13. NO WAIVER. No failure by either party to insist upon the strict performance of any provision of this Agreement shall be construed as depriving that party of the right to insist on strict performance of such provision or of any other provision in the future, and no waiver shall be deemed to have been made unless made expressly in writing and signed by the other party.

14. SEVERABILITY. If any provision of this Agreement or its application to any person or circumstance is held unenforceable, the remainder of the Agreement, or the application of the provision to other persons or circumstances, shall not be affected.

15. BINDING EFFECT. This Agreement is binding on the parties and on their respective executors, administrators, representatives, successors and assigns.

IN WITNESS HEREOF, the parties hereto have duly executed this Agreement effective the date first above written.

The District: \_\_\_\_\_ COUNTY PUBLIC HOSPITAL  
DISTRICT NO. \_\_\_\_\_ OF \_\_\_\_\_  
COUNTY, WASHINGTON

\_\_\_\_\_  
Administrator

Physician:

## EXHIBIT A

### DISPUTE RESOLUTION

1. Policy. The parties hope there will be no disputes arising from their relationship. If a dispute arises, the parties shall first try to negotiate a fair and prompt resolution. If they are unsuccessful, the dispute shall be resolved by binding arbitration, the parties acknowledging that they intend to give up their right to have any dispute decided in court by a judge or jury. The provisions of the Washington arbitration statute, chapter 7.04 RCW, are incorporated herein to the extent not inconsistent with the other terms of this Agreement.

2. Binding Arbitration. Any controversy or claim between the parties of any kind whatsoever, including but not limited to those arising from or relating to the Agreement for Physician Services between the parties, and those involving pay disputes, claims of breach of contract, discrimination or other torts, shall be resolved by an arbitration to be commenced in the manner provided in RCW 7.04.060, provided, however, that all statutes of limitations that would otherwise apply shall apply to disputes submitted to arbitration. This process applies regardless of when the dispute arises and will remain in effect after the Agreement for Physician Services ends, regardless of the reason it ends.

2.1 Arbitrator. There shall be one arbitrator. If the parties cannot, within fifteen (15) days after commencement of the arbitration, agree on an arbitrator, he/she shall be selected by the administrator of the American Arbitration Association (AAA) office in Seattle, Washington, within fifteen (15) days thereafter. The arbitrator shall be an attorney with at least fifteen (15) years' experience in commercial law in the Seattle metropolitan area. The venue of the arbitration shall be Pullman, Washington.

2.2 Arbitrability. Whether a controversy or claim is covered by this Agreement shall be determined by the arbitrator.

2.3 Third-Party Intervention. If either party so requests at any time within seventy-five (75) days of the submission of the dispute to arbitration, the parties shall try to resolve it by nonbinding third-party intervention, including mediation, evaluation or both, but without delaying the arbitration hearing date.

2.4 Arbitration Procedures. The arbitration shall be conducted under the AAA Commercial Arbitration Rules in effect on the date the arbitrator is selected, to the extent consistent with this Exhibit A.

There shall be no discovery or dispositive motions (such as motions for summary judgment or to dismiss or the like), but the arbitrator may authorize such discovery as is necessary for a fair hearing of the dispute. Such discovery shall not extend the time limits established by this section.

The arbitrator shall not be bound by the rules of evidence or of civil procedure, but rather may consider such evidence as reasonable business people would consider in the conduct of their day-to-day affairs.

The parties wish to minimize the cost of the dispute resolution process. To that end, the arbitrator shall limit live testimony and cross-examination and shall require the parties to submit some or all of their case by written declaration, to the extent he/she determines that can be done without jeopardizing a fair hearing of the dispute.

2.5 Time Limits. The arbitrator and the parties shall do what is reasonably necessary to conduct the arbitration hearing within one hundred twenty (120) days of the date the arbitrator is selected, and the arbitrator shall make every effort to limit the hearing to two (2) days and to render his/her opinion within fourteen (14) days after the hearing. The parties have specified these time limits to expedite the proceeding, but they are not jurisdictional, and the arbitrator may for good cause afford or permit reasonable extensions or delays, which shall not affect the validity of the award.

2.6 Construction of Agreement. The arbitrator shall have no authority to add to, subtract from, or otherwise change or modify the provisions of the Agreement for Physician Services between the parties and shall only interpret existing provisions of that Agreement as they may apply to the specific facts of the issue in dispute.

2.7 Award. The arbitrator shall render his/her decision in writing. The decision shall contain a brief statement of the claim(s) determined and the award made on each claim. In making the decision and award, the arbitrator shall apply applicable law. Absent fraud, collusion or willful misconduct by the arbitrator, the award shall be final, and judgment may be entered in any court having jurisdiction.

The arbitrator may award injunctive relief or any other remedy available from a judge, including the joinder of parties or consolidation of this arbitration with any other involving common issues of law or fact or that may promote judicial economy. If a court, applying applicable substantive law, would be authorized to award punitive or exemplary damages, the arbitrator shall have the same power, but the arbitrator otherwise shall not award punitive or exemplary damages.

2.8 Representation by Counsel. Each party shall have the right to representation by legal counsel at any stage of the proceedings and each party shall bear the costs of its legal counsel.