

**MEMORANDUM OF UNDERSTANDING
BETWEEN**

City of Huntington Beach

AND

Huntington Beach Hospital, a not-for-profit Disproportionate Share Hospital

THIS NO-COST MEMORANDUM OF UNDERSTANDING is made this 1st day of August 2018 by and between the undersigned representatives of the **City of Huntington Beach**, located at 2000 Main Street, Huntington Beach, CA 92648, Prime Healthcare Huntington Beach, LLC dba Huntington Beach Hospital, a Delaware limited liability company registered to do business in the state of California located at 17772 Beach Blvd., Huntington Beach, CA 92647.

RECITALS:

WHEREAS, Huntington Beach Hospital is a not-for-profit hospital that provides a disproportionate share of healthcare services to the Medicare and Medicaid populations in addition to supporting many programs that benefit the indigent, uninsured or underinsured populations in Huntington Beach CA;

WHEREAS, A study by Moody's Investors Service published in June 2015 found that Medicaid Expansion under the Affordable Care Act is having a minimal affect on hospital financial viability given other financial pressures, especially on non-profit hospitals. Payor restrictions and accelerated drug costs increases are major factors. Generic drug prices are also rising at an alarming rate;

WHEREAS, Huntington Beach Hospital desires to participate in the drug discount program established under Section 340B of Public Health Services Act (the "340B program");

WHEREAS, in order to participate in the 340B Program Huntington Beach Hospital must enter into an agreement with a unit of the state or a local government pursuant to which Huntington Beach Hospital commits to provide health care services to low income individuals who are not entitled to Medicare or Medicaid benefits at no reimbursement or considerably less than full reimbursement from these patients;

WHEREAS, Huntington Beach Hospital desires to make such a formal commitment to the City of Huntington Beach;

WHEREAS, the City of Huntington Beach agrees to accept such commitments on behalf of Orange County/Huntington Beach residents;

NOW, THEREFORE, in consideration of the mutual agreements and covenants contained therein and for other good valuable consideration, the receipt and sufficiency of which hereby are acknowledged, it is mutually agreed and covenanted by and between the parties to this Agreement, as follows:

1. Commitment of Huntington Beach Hospital to Provide Uncompensated Care.

During the term of this MOU, Huntington Beach Hospital agrees to continue its commitment to provide health care to indigent, uninsured and underinsured residents of Huntington Beach and Orange County, CA through the operation of its Uncompensated Care Program and maintain its current eligibility standards.

In fiscal year 2017, this commitment totaled \$ \$2,418,418 in uncompensated care as reported on the latest Medicare Cost Report. Care provided under this program is inclusive of the scope of services provided by Huntington Beach Hospital, including but not limited to emergency care, general outpatient care, including ambulatory surgery and all levels of inpatient care. Pursuant to this commitment, it is the intention of Huntington Beach Hospital to continue providing this level of service regardless of patients' ability to pay.

Huntington Beach Hospital is entering the 340B Drug Discount Program in order to maintain current levels of service to uninsured, underinsured and indigent patients.

Huntington Beach Hospital will include 340B drugs for its Medicaid Payors and thereby pass on 340B savings to California's Medicaid Program. 340B savings are roughly 11% greater than those obtained through the Medicaid Rebate Program. This pass-through of 340B savings is not applicable to contract pharmacy arrangements because of 340B requirements.

2. Commitment of Huntington Beach Hospital to Submit Reports of Benefit to Residents of Orange County.

During the term of this MOU, Huntington Beach Hospital agrees to submit to the City of Huntington Beach relevant sections of the latest annual Medicare Cost Report after audit and acceptance by the CMS Fiscal Intermediary. This report will be submitted within 30 days after notification of acceptance of the annual Medicare Cost Report by Fiscal Intermediary.

Costs of care for Orange County/Huntington Beach and California residents will be specified within the report.

3. Acceptance and Acknowledgements of the City of Huntington Beach.

- (a) **City of Huntington Beach** accepts the commitments of Huntington Beach Hospital set forth above;
- (b) **City of Huntington Beach** hereby acknowledges that the healthcare services provided by Huntington Beach Hospital hereunder are in the public interest and are being provided to individuals who are not entitled to benefits under Title VII or eligible for assistance under any State plan pursuant to Title XIX of the Social Security Act; and
- (c) **City of Huntington Beach** acknowledges that Huntington Beach Hospital is providing these services at no reimbursement or considerably less than full reimbursement from the qualifying patients.

4. Representations of Hospital: Huntington Beach Hospital represents that as of the date this Agreement is executed by City and Huntington Beach Hospital:

- (a) Huntington Beach Hospital constitutes a corporation duly organized and validly existing in good standing under the laws of the State of California with the corporate power and authority to enter into and perform its obligations under this MOU; and
- (b) Huntington Beach Hospital is a tax-exempt corporation under Section 501 (c)(3) of the Internal Revenue Code of the United States, as amended, and under applicable laws of the State of California.

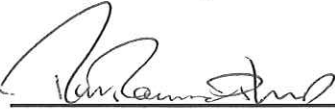
5. Term and Termination. The term of this MOU shall commence on the date first above written shall continue until terminated by either party upon not less than sixty (60) days prior written notice to the other. MOU shall be reviewed and in the absence of identified issues, automatically renew on an annual basis.

6. Notices. All notices required or permitted to be given under the MOU shall be deemed given when delivered by hand or sent by registered or certified mail, return receipt requested, addressed as follows: Huntington Beach Hospital 17772 Beach Boulevard, Huntington Beach, CA 92647

7. Governing Law. This MOU shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their authorized officers on _____, 2018.

CONSULTANT,
HUNTINGTON BEACH HOSPITAL,
A not-for profit corporation

By: 

Richard M. Rowe, Pharm.D
print name

ITS: (circle one) Chairman/President/Vice President
CEO

CITY OF HUNTINGTON BEACH
a municipal corporation of the State of California

Mayor

ATTEST:

City Clerk

INITIATED AND APPROVED:

Assistant to the City Manager

APPROVED AS TO FORM:



City Attorney NW

REVIEWED AND APPROVED:

City Manager