

1 PREPARED BY COUNSEL

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3 **FILED**
Superior Court of California
County of San Francisco

4 JUL 02 2024

5 CLERK OF THE SUPERIOR COURT
6 By Victor Pa Pardo
Deputy

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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SAN FRANCISCO

11 THE PEOPLE OF THE STATE OF
12 CALIFORNIA, EX REL. ROB BONTA,
13 ATTORNEY GENERAL OF THE STATE
OF CALIFORNIA,

14 Plaintiff,

15 v.

16 THE REGENTS OF THE UNIVERSITY OF
17 CALIFORNIA,

18 Defendant.

Case No. CGC-24-615801

~~PROPOSED~~ ORDER GRANTING
JOINT *EX PARTE* APPLICATION FOR
COURT APPROVAL OF ASSURANCE
OF VOLUNTARY COMPLIANCE

19 Good cause appearing, IT IS ORDERED that:

20 1. The Joint *Ex Parte* Application for Court Approval of Assurance of Voluntary
21 Compliance is granted, and this Court hereby approves the Assurance of Voluntary Compliance
22 lodged by the Parties, pursuant to Government Code section 12533, and attached hereto as
23 Exhibit 1.

24 2. This Court shall retain jurisdiction to enforce the Assurance of Voluntary
25 Compliance pursuant to Government Code section 12533.

26 Dated: 7/2/24

UR
The Honorable Richard B. Ulmer
Judge of the Superior Court

EXHIBIT 1
TO PROPOSED ORDER

1 ROB BONTA
Attorney General of California
2 KATHLEEN BOERGERS
Acting Senior Assistant Attorney General
3 EMILIO VARANINI (SBN 163952)
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*[EXEMPT FROM FILING FEES
PURSUANT TO GOVERNMENT CODE
SECTION 6103]*

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 COUNTY OF SAN FRANCISCO

14 **THE PEOPLE OF THE STATE OF
15 CALIFORNIA, EX REL. ROB BONTA,
16 ATTORNEY GENERAL OF THE STATE
OF CALIFORNIA,**

17 Plaintiff,

18 v.

19 **THE REGENTS OF THE UNIVERSITY
20 OF CALIFORNIA,**

21 Defendants.

Case No. CGC-24-615801

**ASSURANCE OF VOLUNTARY
COMPLIANCE RE NONPROFIT
HOSPITAL TRANSACTION**

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1 Pursuant to the authority granted by Government Code section 12533, and subject to
2 approval by the Superior Court of the State of California, the People of the State of California,
3 acting by and through Attorney General Rob Bonta (the "People"), enter into the following
4 Assurance of Voluntary Compliance ("Assurance") from The Regents of the University of
5 California ("The Regents/UCSF Health") (collectively the "Parties") in connection with a
6 nonprofit hospital transaction. In consideration of resolving a disputed matter, and without
7 admitting any facts, wrongdoing or violations of law, The Regents/UCSF Health agree to enter
8 into this Assurance. The Attorney General agrees that it serves the public interest and the interest
9 of the People of the State of California to resolve the issues as set forth herein.

10 FACTS

11 1. CommonSpirit Health, Dignity Health, Saint Francis Memorial Hospital, Dignity
12 Community Care, and Dignity Health Medical Foundation (collectively "Dignity") seek to
13 transfer control of St. Mary's Medical Center ("SMMC") and Saint Francis Memorial Hospital
14 ("SFMH"), two general acute care hospitals located in the City and County of San Francisco, as
15 well as associated clinics and other assets to The Regents/UCSF Health (the "Proposed
16 Transaction").

17 2. Pursuant to Corporations Code section 5920 et seq., the Attorney General has
18 primary responsibility to review transactions and agreements by non-profit corporations
19 concerning the sale or changes in control of general acute care hospitals and other health
20 facilities. The Attorney General may independently review a transaction under the Clayton Act.

21 3. The Attorney General is concerned the Proposed Transaction could decrease
22 competition in the commercial and Medi-Cal markets for inpatient general acute care hospital
23 services in San Francisco, as well as other markets, and could result in restricted access to, or
24 terminations of, services currently provided at SMMC and SFMH, in contravention of
25 Corporations Code section 5923, subdivisions (g)-(j); Code of Regulations, title 11, section 999.5,
26 subdivisions (f)(5)(a); (f)(7)-(9), (f)(12)-(14); and Section 7 of the Clayton Act, 15 U.S.C. section
27 18.

1 9. This Assurance resolves the Attorney General’s investigation of the Proposed
2 Transaction, and precludes any and all further action to impose conditions on the Proposed
3 Transaction, or to deny or seek to block the Proposed Transaction.

4 10. Nothing in these conditions shall be construed as relieving The Regents/UCSF
5 Health of the obligations to comply with all federal, state, and local laws, regulations, or rules,
6 nor shall any of the Conditions be deemed as permission for The Regents/UCSF Health to engage
7 in any acts or practices prohibited by such laws, regulations, or rules. The Parties agree that this
8 Assurance shall have no precedential effect as to the Attorney General or The Regents/UCSF
9 Health beyond the facts and circumstances of this matter.

10 11. This Court retains jurisdiction with respect to all matters arising from or related to
11 the implementation of this Assurance.

12 IT IS SO STIPULATED AND AGREED.

13 Dated: July 1, 2024

ROB BONTA
Attorney General of California
NATALIE TORRES
Acting Senior Assistant Attorney General
NELI PALMA
EMILIO VARANINI
Supervising Deputy Attorneys General

17 /s/ Sophia TonNu
18 SOPHIA T. TONNU
19 Deputy Attorney General
 Attorneys for the People of the
 State of California

20 Dated: July 1, 2024

CHARLES F. ROBINSON
General Counsel and SVP Legal Affairs
HOYT SZE
Interim Deputy General Counsel
Health Affairs
RHONDA S. GOLDSTEIN
Deputy General Counsel Litigation

24 /s/ Rachel Nosowsky
25 RACHEL NOSOWSKY
26 Chief Counsel, UCSF Health
 Attorneys for The Regents of the
 University of California

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ORDER

Good cause appearing, IT IS ORDERED that, under the authority of Government Code section 12533, the Assurance of Voluntary Compliance entered into in this matter by the People of the State of California, acting by and through Attorney General Rob Bonta, and The Regents of the University of California/UCSF Health, is approved and this Court shall retain jurisdiction to enforce the Assurance of Voluntary Compliance.

Dated: 7/2/24

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Judge of the Superior Court of California

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**APPENDIX A
ATTORNEY GENERAL'S CONDITIONS
TO PROPOSED TRANSACTION**

Attorney General's Conditions to Proposed Assumption of Control of Saint Francis Memorial Hospital and Saint Mary's Memorial Hospital, as well as associated clinics and other assets (the Hospitals) by The Regents of the University of California ("The Regents/UCSF Health").

In connection with this Assurance of Voluntary Compliance (AVC):

(i) The Attorney General and the Regents/UCSF Health acknowledge they have entered into a Stipulation in connection with the assumption of control of the Hospitals.

(ii) Pursuant to the Stipulation, these conditions shall become effective upon the Court's entry of the Proposed Order accompanying the Stipulation;

(iii) The Regents/UCSF Health have entered into an Affiliation Agreement with Dignity Health, Dignity Community Care, Dignity Medical Foundation, Saint Francis Memorial Hospital Corporation, and CommonSpirit Health, attached hereto as Exhibit 1;

(iv) These conditions are contingent on the parties in section (iii) consummating the transactions contemplated by the Affiliation Agreement; and

(v) These conditions are also contingent on The Regents/UCSF Health using Commercially Reasonable Efforts to secure all required licensing and regulatory approvals in California, including those of the California Department of Public Health.

I.

These enumerated conditions of the AVC (Conditions) shall be legally binding under California Government Code Section 12533 on the following entities: (a) The Regents/UCSF Health; and (b) any affiliate, successor, or assignee acquiring ownership or control of the operating assets of SFMH¹ and/or SMMC,² including Saint Francis Memorial Hospital, a California nonprofit public benefit corporation that is the current owner of SFMH, ("Saint Francis Memorial Hospital Corporation") and which will control the assets of SFMH and SMMC following the completion of the transaction contemplated in the Affiliation Agreement (collectively, the "**Bound Parties**").

Unless otherwise specified, as used in this AVC, "Commercially Reasonable" shall mean reasonable, diligent, good-faith efforts to comply with the Conditions, as would be exercised by similarly situated operators of general acute care hospitals and medical clinics in similar markets

¹ Throughout this AVC, the term "Saint Francis Memorial Hospital" and "SFMH" shall mean the general acute care hospital located at 900 Hyde Street, San Francisco, California, 94109, and any other clinics, laboratories, units, services, or beds included on the license issued to SFMH by the California Department of Public Health (CDPH), effective as of the Closing Date of the Affiliation Agreement, and fully operational as of that date, unless otherwise indicated. Nothing herein shall preclude UCSF Health from renaming SFMH or from operating it under a fictitious name consistent with applicable law.

² Throughout this AVC, the term "St. Mary's Medical Center" and "SMMC" shall mean the general acute care hospital located at 450 Stanyan Street, San Francisco, California 94117 and any other clinics, laboratories, units, services, or beds included on the license issued to Saint Francis Memorial Hospital Corporation by CDPH, as of the Closing Date of the Affiliation Agreement, and fully operational as of that date, unless otherwise indicated.

1 in California, with comparable resources, payor mix, and payor rates servicing similar community
2 needs. Except where specifically provided otherwise in these Conditions or as otherwise required
3 by law, the Commercially Reasonable standard shall apply to all obligations under these
4 Conditions.

5 The Regents/UCSF Health acknowledge and agree that compliance with applicable state and
6 federal laws, regulations, and rules, including those governing the operation of general acute care
7 hospitals is mandatory. The requirements of this AVC are in addition to, and not in lieu of, any
8 other requirements of federal, state, or local law. Nothing in this AVC shall be construed as
9 relieving The Regents/UCSF Health of the obligation to comply with all federal, state, and local
10 laws, regulations, or rules, nor shall any of the Conditions be deemed as permission for The
11 Regents/UCSF Health to engage in any acts or practices prohibited by such laws, regulations, or
12 rules.

13 II.

14 For ten (10) years from the Closing Date of the Affiliation Agreement,³ the Bound Parties shall be
15 required to provide written notice to the Attorney General sixty (60) days prior to entering into any
16 agreement or transaction to do any of the following:

- 17 a. Sell, transfer, lease, exchange, option, convey, or otherwise dispose of SFMH or
18 SMMC or both; or
- 19 b. Transfer control, responsibility, management, or governance of substantially all of
20 SFMH or SMMC or both.

21 III.

22 **Future Operation of SFMH.** For five (5) years from the Closing Date of the Affiliation
23 Agreement, The Regents/UCSF Health or a Bound Party shall operate and maintain SFMH as a
24 licensed general acute care hospital (as defined in California Health and Safety Code section 1250,
25 subdivision (a)) with the same types and levels of services, and associated staffing as offered as of
26 the Closing Date, and which provides the community served with equal or greater access to those
27 services, including:

- 28 a. 24-hour emergency services;
- b. emergency treatment stations;
- c. certification as a Primary Stroke Center;
- d. acute psychiatric services;
- e. intensive care services;
- f. orthopedic and sports medicine services;
- g. a burn unit;
- h. gender-affirming care, including surgical services;
- i. nuclear medicine, imaging, and radiology services;
- j. coronary care services, and cardiac and neurologic diagnostics;
- k. cancer care; and
- l. advanced gynecology and other minimally invasive surgery.

³ As used herein, "Closing Date" has the same meaning as "Effective Time," as defined in
Section 2.1 of the Affiliation Agreement.

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IV.

Maintenance of SFMH Services after Five Years. For years six (6) through ten (10) from the Closing Date of the Affiliation Agreement, The Regents/UCSF Health shall use Commercially Reasonable efforts to ensure that the following services currently offered at SFMH shall be maintained at either the physical space currently used by SFMH or at a location within the City and County of San Francisco⁴ with the same capacity and associated staffing as offered as of the Closing Date, and which provides the community served with equal or greater access to those services, including:

- a. 24-hour emergency services;
- b. emergency treatment stations;
- c. intensive care services;
- d. acute psychiatric services;
- e. acute rehabilitation services;
- f. certification as a Primary Stroke Center, and stroke and neurology services;
- g. orthopedic and sports medicine services;
- h. a burn unit;
- i. gender-affirming care, including surgical services;
- j. nuclear medicine, imaging, and radiology services;
- k. coronary care services, and cardiac and neurologic diagnostics;
- l. cancer care; and
- m. advanced gynecology and other minimally invasive surgery.

If The Regents/UCSF Health or a Bound Party decides to discontinue, consolidate, materially decrease, or otherwise make material changes that adversely affect community access to the services covered in this condition, The Regents/UCSF Health shall give 60-day advance written notification to the Attorney General, and shall reasonably cooperate with any resulting information requests subject to any demonstrated legally recognized privilege and appropriate confidentiality protections; provided, however, that temporary service reductions of six months or less, that are necessary to complete physical improvements or seismic renovations at the Hospitals shall not require prior written notice to the Attorney General.

V.

Future Operation of SMMC. For five (5) years from the Closing Date of the Affiliation Agreement, The Regents/UCSF Health or a Bound Party shall operate and maintain SMMC as a licensed general acute care hospital (as defined in California Health and Safety Code section 1250, subdivision (a)) with the same types and levels of services and associated staffing as offered as of the Closing Date, and which provides the community served with equal or greater access to those services, including:

- a. 24-hour emergency services;
- b. emergency treatment stations;
- c. acute psychiatric services, including adolescent inpatient psychiatric services;

⁴ UCSF shall use Commercially Reasonable efforts to ensure community access to those services the same or better and mitigate any negative impacts to community access of these services, including, for example, providing transportation by shuttle, parking passes, transit passes, or any other mitigative assistance.

- d. intensive care services;
- e. certification as a Primary Stroke Center, and stroke and neurology services;
- f. cardiovascular services, including cardiac catheterization laboratory services and outpatient clinic;
- g. nuclear medicine, imaging and radiology;
- h. laboratory and diagnostic services;
- i. oncology services, including inpatient medical and surgical oncology services and outpatient services;
- j. orthopedic services including surgery and total joint replacement;
- k. social services;
- l. surgical services; and
- m. women's health services, including women's reproductive services.

VI.

Maintenance of SMMC Services after Five Years. For years six (6) through ten (10) from the Closing Date of the Affiliation Agreement, The Regents/UCSF Health shall use Commercially Reasonable efforts to ensure that the following services currently offered at SMMC shall be maintained at either the physical space currently used by SMMC or at a location within the City and County of San Francisco with the same capacity and associated staffing as offered as of the Closing Date, and which provides the community served with equal or greater access to those services, including:

- a. 24-hour emergency services;
- b. emergency treatment stations;
- c. intensive care services;
- d. acute psychiatric services, including adolescent inpatient psychiatric services;
- e. acute rehabilitation services;
- f. certification as a Primary Stroke Center, and stroke and neurology services;
- g. orthopedic and sports medicine services;
- h. nuclear medicine, imaging, and radiology services;
- i. coronary care services, and cardiac and neurologic diagnostics;
- j. oncology services, including inpatient medical and surgical oncology services and outpatient services;
- k. surgical services;
- l. orthopedic services including surgery and total joint replacement; and
- m. women's health services, including women's reproductive services.

If The Regents/UCSF Health or a Bound Party decides to discontinue, consolidate, materially decrease, relocate, or otherwise make material changes that adversely affect community access to the services in this condition, The Regents/UCSF Health shall give 60-day advance written notification to the Attorney General, and shall reasonably cooperate with any resulting information requests, subject to any demonstrated legally recognized privilege and appropriate confidentiality protections; provided, however, that temporary service reductions of six months or less, that are necessary to complete physical improvements or seismic renovations at the Hospitals, shall not require prior written notice to the Attorney General.

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VII.

Maintenance of Services Provided through Contract or Lease. For ten (10) years The Regents/UCSF Health shall use Commercially Reasonable efforts to ensure that the following services and/or programs currently offered at SMMC (or associated clinic location(s)) shall be maintained at either their current physical space or at a location within the City and County of San Francisco with the same capacity and associated staffing as offered as of the Closing Date:

- a. Counseling Enriched Education Program (CEEP);
- b. mental health rehabilitation services;
- c. long-term acute care hospital services;
- d. Sister Mary Philippa Health Center; and
- e. SFO airport clinic.

If The Regents/UCSF Health or a Bound Party decides to discontinue, consolidate, materially decrease, relocate, or otherwise make material changes that adversely affect community access to the services covered in this condition, The Regents/UCSF Health shall give 60-day advance written notification to the Attorney General, and shall cooperate with any resulting information requests, subject to any demonstrated legally recognized privilege and appropriate confidentiality protections; provided, however, that temporary service reductions of six months or less, that are necessary to complete physical improvements or seismic renovations at the Hospitals shall not require prior written notice to the Attorney General.

To the extent that any reduction in service described in this Condition VII results from a third party electing to discontinue, terminate or refusing to extend the contract or lease that permits the provision of such services, The Regents/UCSF Health shall be required to notify the Attorney General within 30-days of the change in service.

VIII.

Participation in Medicare and Medi-Cal. For ten (10) years from the Closing Date of the Affiliation Agreement, The Regents/UCSF Health or a Bound Party shall ensure that SFMH and SMMC continue to:

- a. Be certified to participate in the Medi-Cal program at the Hospitals;
- b. Maintain Medi-Cal Managed Care and county contracts in effect as of the Closing Date, and provide the same types and levels of emergency and non-emergency services at the Hospitals to Medi-Cal beneficiaries (both county and Medi-Cal Managed Care) provided as of the Closing Date, on the same terms and conditions as other similarly situated Hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless: (i) the contract is terminated by either party for cause,⁵ (ii) the terms and conditions, including compensation, are not Commercially Reasonable, or (iii) not extended or renewed by a Medi-Cal Managed Care Plan or county on its own initiative without cause; and
- c. Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same or greater types and levels of emergency and

⁵ For-cause termination refers to the lawful dissolution of a contract pursuant to grounds stipulated therein and encompassing infractions such as breaches of contract, regulatory non-adherence, or deficiency in meeting prescribed standards of quality.

1 non-emergency services at the Hospitals to Medicare beneficiaries (both Traditional
2 Medicare and Medicare Managed Care) as provided as of the Closing Date.

3 If The Regents/UCSF Health or a Bound Party determines that any contract covered in this
4 condition satisfies subsection b.ii, The Regents/UCSF Health shall give written notification to the
5 Attorney General within thirty (30) days of its determination, and shall reasonably cooperate with
6 any resulting information requests, subject to any demonstrated legally recognized privilege and
7 appropriate confidentiality protections.

8 IX.

9 **Charity Care Commitments.** For ten (10) years from the Closing Date of the Affiliation
10 Agreement, The Regents/UCSF Health or a Bound Party shall provide an annual amount of charity
11 care (as defined below) at SFMH equal to or greater than \$6,554,788 million and at SMMC equal
12 to or greater than \$3,569,524 million (the Minimum Charity Care Amounts required) with an annual
13 increase of 2.4%.⁶

14 For purposes hereof, the definition and methodology for calculating “charity care” and the
15 methodology for calculating “costs” shall be the same as that used by HCAI for annual hospital
16 reporting purposes. The Hospitals shall use and maintain a charity care policy that is no less
17 favorable than the Financial Assistance Policy currently in effect at each hospital and in compliance
18 with California and Federal law.

19 If the actual amount of charity care provided at SFMH for any year is less than the Minimum
20 Charity Care Amount required for such year, The Regents/UCSF Health shall pay an amount equal
21 to the deficiency to one or more tax-exempt entities that provide direct healthcare services to
22 residents in the SFMH service area, including 94102, 94103, 94105, 94107, 94108, 94109, 94110,
23 94111, 94112, 94114, 94115, 94116, 94117, 94118, 94121, 94122, 94123, 94124, 94127, 94130,
24 94131, 94132, 94133, 94134, 94158, and 94965 ZIP codes.

25 If the actual amount of charity care provided at SMMC for any year is less than the Minimum
26 Charity Care Amount required for such year, The Regents/UCSF Health shall pay an amount equal
27 to the deficiency to one or more tax-exempt entities that provide direct healthcare services to
28 residents in the SMMC service area, including 94102, 94103, 94105, 94107, 94108, 94109, 94110,
94111, 94112, 94114, 94115, 94116, 94117, 94118, 94121, 94122, 94123, 94124, 94127, 94129,
94131, 94132, 94133, 94134, and 94158 ZIP codes. Such payment(s) shall be made within six (6)
months following the end of such year.

X.

22 **Availability and Administration of Financial Assistance Policy.** Within ninety (90) days from
23 the Closing Date of the Affiliation Agreement and for ten (10) years from the Closing Date of the
24 Affiliation Agreement, The Regents/UCSF Health or a Bound Party, as applicable, shall ensure that
the Hospitals take the following steps to ensure that patients at each hospital are informed about
the respective facility’s Financial Assistance Policy:

- 25 a. A copy of the respective Financial Assistance Policy and the plain language
26 summary of the Financial Assistance Policy shall be posted in a prominent location
27 in the admissions area and any other location in the Hospitals as appropriate, and

27 ⁶ 2.4% is the average annual increase in the San Francisco Bay, California Medical Care
28 Consumer Price Index (CPI) from 2020-2023.

- 1 where there is a high volume of patient traffic, including waiting rooms, billing
2 offices, and outpatient service settings;
- 3 b. A copy of the Financial Assistance Policy, the Financial Assistance Application
4 Form, and the plain language summary of the Charity Care and Cash Price Policies
5 shall be posted in a prominent place on the Hospitals' websites, as applicable;
- 6 c. If requested by a patient, a copy of the Financial Assistance Policy, Financial
7 Assistance Application Form, and the plain language summary shall be sent by mail
8 at no cost to the patient;
- 9 d. As necessary and at least on an annual basis, The Regents/UCSF Health and the
10 Hospitals will place an advertisement regarding the availability of financial
11 assistance at each hospital in a newspaper of general circulation in the communities
12 served by each hospital, or issue a Press Release to widely publicize the availability
13 of the Financial Assistance Policy to the communities served by each hospital;
- 14 e. On no less than an annual basis, the Hospitals will work with affiliated
15 organizations, physicians, community clinics, other health care providers, houses of
16 worship, and other community-based organizations to notify members of the
17 community (especially those who are most likely to require financial assistance)
18 about the availability of financial assistance at the Hospitals; and
- 19 f. No later than sixty (60) days after the Closing Date of the Affiliation Agreement,
20 and annually thereafter, the Hospitals shall train front-line staff who regularly
21 interact with patients and their families concerning payment of services to make
22 patients and their families aware of and informed about the availability of financial
23 assistance at the Hospitals.

24 XI.

25 **Community Benefit Programs.** For ten (10) years from the Closing Date of the Affiliation
26 Agreement, The Regents/UCSF Health or a Bound Party shall provide an annual amount of
27 Community Benefit Services at the Hospitals equal to the amount provided in fiscal year ending
28 June 30, 2024 (the Minimum Community Benefit Services Amount), as adjusted under the
methodology described below. The Regents/UCSF Health or a Bound Party shall continue
supporting community benefit programs supported by the Hospitals as of the Closing Date, or
consult with the Hospitals' Community Advisory Board prior to replacing or reducing funding to
those programs. As of the Closing Date, the programs currently supported by the Hospitals include:

- 29 a. Tenderloin Health Services (SFMH);
- 30 b. Reimbursement for Physician Indigent Care (SFMH);
- 31 c. Community grants program (SFMH and SMMC);
- 32 d. Rally Family Visitation Program (SFMH);
- 33 e. Transportation service (SMMC);
- 34 f. Uncompensated specialized testing (SFMH);
- 35 g. Community grants program (SFMH and SMMC);
- 36 h. San Francisco Health Improvement Partnership (SFMH and SMMC);
- 37 i. Graduate Medical Education, whether sponsored by The Regents/UCSF Health, a
38 Bound Party, or another duly accredited organization;⁷

⁷ Nothing in this condition shall prevent The Regents/UCSF Health from consolidating the
existing Graduate Medical Education programs offered by SMMC with those offered by UCSF
Health at other locations so long as the programs continue to use SMMC as an education site and
the overall number resident cap slots does not decrease.

- j. Breast Cancer Second Opinion Panel (SMMC); and
- k. Breast Cancer Support Group (SMMC).

For the second year and each subsequent year, the Minimum Community Benefit Amount shall increase yearly by 2.4 percent.⁸

If the actual amount of community benefit services provided at SFMH or SMMC for any year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above annual percentage increase) required for such year, The Regents/UCSF Health shall pay an amount equal to the deficiency to one or more tax exempt entities that provide community benefit services for residents in the SFMH or SMMC service areas. Such payment(s) shall be made within six (6) months following the end of such year.

XII.

Community Advisory Board. For ten (10) years from the Closing Date, The Regents/UCSF Health or a Bound Party shall maintain a Community Advisory Board (including physicians, medical and other staff, and community representatives for both SMMC and SFMH) at the Hospitals (Community Advisory Board). The Regents/UCSF Health and the Hospitals shall consult with the Community Advisory Board at least sixty (60) days prior to making any material non-emergency reductions to the types, levels, or locations of services and the Hospitals shall consult with the Community Advisory Board at least sixty (60) days prior to making any material non-emergency reductions in services or community benefit programs at the Hospitals. The Community Advisory Board may comment on all reports submitted to the Attorney General regarding compliance with the Conditions.

XIII.

Capital Commitments. The Regents/UCSF Health or the Saint Francis Memorial Hospital Corporation shall invest at least \$430 million capital to the Hospitals and/or services and programs described in these Conditions over a ten (10) year period following the Closing Date (Capital Expenditures). The Capital Expenditures shall include at least \$80 million in funding for electronic medical record systems and related technology investments at the Hospitals and at least \$350 million in deferred maintenance and physical infrastructure improvements to support the provision of the services and programs described in these Conditions (including, for example, those improvements necessary to maintain compliance with Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended). The Regents/UCSF Health or the Saint Francis Memorial Hospital Corporation shall present the annual capital budget for the Hospitals in advance to the Community Advisory Board for discussion and solicitation of input.

XIV.

Seismic Safety Planning and Reporting. The Regents/UCSF Health or the Saint Francis Memorial Hospital Corporation will provide the Attorney General with courtesy copies of HCAI filings required by the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act and future statutes, including a Seismic Improvement Plan with a budget and timeline for completion.

⁸ See footnote 6.

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XV.

Maintenance of City and County Contracts. For seven (7) years from the Closing Date of the Affiliation Agreement, The Regents/UCSF Health or a Bound Party shall not engage in convenience termination of the following contracts with the City and County of San Francisco, or its subdivisions, departments, or agencies, for services at SFMH and SMMC unless: (i) the contract is terminated by either party for cause, (ii) the terms and conditions, including compensation, are not Commercially Reasonable, or (iii) the contract is not extended, renewed or otherwise terminated by the local government or the State, as applicable.

For SFMH, those contracts include:

- a. Memorandum of Understanding – 340 B Program;
- b. Agreement for Supervised Therapeutic Visitation Services (Rally Family Visitation Services); and
- c. Residency Affiliation Agreement.

For SMMC, those contracts include:

- a. Orthopedic Residency Affiliation Agreement;
- b. General Services Agreement;
- c. Mental Health and Substance Abuse Services;
- d. Community Behavioral Health Services;
- e. SMMC Transportation Service;
- f. Uncompensated Specialized Testing;
- g. Community Grants Program;
- h. San Francisco Health Improvement Partnership;
- i. Graduate Medical Education;
- j. Breast Cancer Second Opinion Panel; and
- k. Breast Cancer Support Group.

If The Regents/UCSF Health or a Bound Party determines that any contract covered in this Condition satisfies subsection b.ii, UCSF Health shall give written notification to the Attorney General within thirty (30) days of its determination, and shall reasonably cooperate with any resulting information requests, subject to any demonstrated legally recognized privilege and appropriate confidentiality protections.

XVI.

Hospital Medical Staff Governance. For seven (7) years from the Closing Date, the governing body of the Hospitals shall not act unilaterally to approve amendments to the Medical Staff Bylaws of the Hospitals that would result in a modification to the composition of the Medical Staff of the Hospitals as of the Closing Date. Nothing in this condition shall preclude the Medical Staff Bylaws of the Hospitals from being amended from time to time at the initiative of the medical staff at large or duly elected medical staff leaders, or from being amended to comply with changes to applicable law, Regents' policies, or accreditation standards. Further, nothing in this condition shall restrict or limit the Hospitals' or the medical staff's ability to conduct credentialing activities, peer review and investigatory oversight activities in a manner consistent with the Medical Staff Bylaws, applicable law, and applicable accreditation standards.

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XVII.

Open Medical Staff and Physician Affiliations. For ten (10) years from the Closing Date, the Hospitals will not otherwise expressly or implicitly condition medical staff privileges, on the employment, contracting, affiliation, or appointment status of a physician with The Regents/UCSF Health or any affiliate other than the Hospitals.

XVIII.

Medical Staff Contracting. For seven (7) years from the Closing Date, neither The Regents/UCSF Health nor the governing body of the Hospitals shall impose any requirement upon any member of the Hospitals' medical staff, as a condition of their medical staff membership or privileges that expressly or implicitly:

- a. restricts, or imposes implicit or express exclusivity on, those physicians' or providers' ability to contract with payors;
- b. restricts, or imposes implicit or express exclusivity on, those physicians' or providers' ability to refer patients to health facilities, physicians, or other healthcare providers that are not affiliated with, employed by, or otherwise contracted with UCSF Health or any of its affiliates; and
- c. imposes any noncompetition, non-solicitation, nondisclosure, noninterference, non-disparagement, or other restrictive covenant obligation.

For the avoidance of doubt, the Hospitals and The Regents/UCSF Health may adopt, amend, investigate, and enforce policies and procedures that prohibit unlawful kickbacks, referrals, and inducements. The Hospitals shall ensure equal access to healthcare without discrimination, and without respect to their payor or their source of referral. Nothing in this Condition shall preclude The Regents/UCSF Health or the Hospitals from requiring that practicing physicians participate in the specific payor plans offered at the Hospitals or prohibit The Regents/UCSF Health or the Hospitals from maintaining exclusive contracts for hospital-based physician arrangements;⁹ provided, however, that neither The Regents/UCSF Health nor the Hospitals will require a medical group, as a condition of bidding on or entering such an arrangement with the Hospitals, or any of their physicians, to have or maintain a faculty appointment or any affiliation with The Regents/UCSF Health.

XIX.

Discrimination. From the Closing Date of the Affiliation Agreement, the Hospitals shall prohibit discrimination on the basis of any protected personal characteristic in accordance with state and federal civil rights laws, including section 51 of the California Civil Code and title 42, section 18116 of the United States Code. Categories of protected personal characteristics include, as of the date of this Agreement:

- a. Gender, including sex, gender, gender identity, and gender expression;
- b. Intimate relationships, including sexual orientation and marital status;
- c. Ethnicity, including race, color, ancestry, national origin, citizenship, primary language, and immigration status;
- d. Religion;
- e. Age; and

⁹ Hospital-based physician arrangements include emergency department coverage, hospitalist coverage, pathology services, radiology/imaging services and anesthesiology services.

1 f. Disability, including disability, protected medical condition, and protected genetic
2 information.

3 **XX.**

4 **Negotiation and Management of Commercial Payor Contracts.** For seven (7) years from the
5 Closing Date, unless a payor voluntarily requests otherwise, the Hospitals shall negotiate all
6 commercial, Medicare Managed Care Contracts, and Medi-Cal Managed Care Contracts,
including contracts for Covered California, with any payor, separately and independently from
UCSF Health.

7 A. The Hospitals will not expressly or implicitly condition the participation of or impose any
8 payor contract terms, including prices or any other conditions, concerning SFMH and SMMC or
9 any of its affiliates on the participation of, or any payor contract terms concerning, UCSF Health
10 or any of its affiliates with any payor or future payor, including:

11 1. Engaging a payor in "all-or-nothing" contracting for facility services by expressly or
12 impliedly requiring the payor to contract with facilities other than the Hospitals and not
13 permitting the payor to contract with the Hospitals (either individually or together)
14 separately, including by conditioning the participation, pricing, or payor contract terms of
15 the Hospitals in a commercial or government-sponsored product on any of the following:

- 16 a. Participation or payor contract terms of any facility other than the Hospitals in the
17 same or any other commercial or government-sponsored product offered by the
18 payor;
- 19 b. Pricing any facility other than the Hospitals in the same or any other commercial
20 or government-sponsored product offered by the payor; and
- 21 c. Status of any facility other than the Hospitals (including the decision on whether to
22 include or exclude) in the payor's center of excellence program (or other program
23 designed to differentiate facilities based on their quality of care, their cost, or other
24 consideration), or the exclusion of any third party's facility in the payor's center of
25 excellence program (or other similar program).

26 2. Interfering with or otherwise engaging in any action, direct or indirect, to prevent a payor
27 from contracting with any other hospital, provider, or facility or to prevent the
28 introduction or promotion of narrow, tiered, or steering commercial or government-
sponsored products or value-based benefit designs for commercial or government-
sponsored products (i.e. benefit designs that attempt to reward providers for affordability
and/or quality), including reference pricing.

B. UCSF Health or any of its affiliates will not expressly or implicitly condition the
participation of or impose any payor contract terms, including prices or any other conditions,
concerning UCSF Health or any of its affiliates on the participation of, or any payor contract
terms concerning, SFMH and SMMC with any payor or future payor, including:

1. Engaging a payor in "all-or-nothing" contracting for facility services by expressly or
impliedly requiring the payor to contract with facilities other than the Hospitals and not
permitting the payor to contract with the Hospitals (either individually or together)

1 separately, including by conditioning the participation, pricing, or payor contract terms of
2 the Hospitals in a commercial or government-sponsored product on any of the following:

- 3 a. Participation or payor contract terms of any facility other than the Hospitals in the
4 same or any other commercial or government-sponsored product offered by the
5 payor;
- 6 b. Pricing any facility other than the Hospitals in the same or any other commercial
7 or government-sponsored product offered by the payor; and
- 8 c. Status of any facility other than the Hospitals (including the decision on whether to
9 include or exclude) in the payor's center of excellence program (or other program
10 designed to differentiate facilities based on their quality of care, their cost, or other
11 consideration), or the exclusion of any third party's facility in the payor's center of
12 excellence program (or other similar program).
- 13 2. Interfering with or otherwise engaging in any action, direct or indirect, to prevent a payor
14 from contracting with any other hospital, provider, or facility or to prevent the
15 introduction or promotion of narrow, tiered, or steering commercial or government-
16 sponsored products or value-based benefit designs for commercial or government-
17 sponsored products (i.e. benefit designs that attempt to reward providers for affordability
18 and/or quality), including reference pricing.

14 C. *Separate Payor Negotiating Teams.* The Hospitals shall continue to maintain a team of
15 negotiators for payor contracts exclusively responsible for negotiating payor contracts for SFMH
16 and SMMC (Community Hospitals Negotiating Team) that will not overlap with, and otherwise
17 shall be kept separate from the team of negotiators for UCSF Health (UCSF Negotiating Team).

18 UCSF Health and any its affiliates shall continue to maintain a team of negotiators for payor
19 contracts exclusively responsible for negotiating payor contracts for UCSF Health that will not
20 overlap with, and otherwise shall be kept separate from the Community Hospitals Negotiating
21 Team. To the extent UCSF Health or the Regents negotiate system-wide contracts across the
22 entire University of California healthcare system, they shall not evade the provisions in this
23 Condition through such system-wide contractual negotiations or system-wide contracts.

24 The Community Hospitals Negotiation Team and UCSF Negotiating Team shall operate
25 independently of each other and shall have the exclusive responsibility of negotiating their
26 respective payor contracts separately and in competition with each other and other healthcare
27 systems.

28 At the voluntary request of a specific payor or future payor and upon written notice to the
Attorney General's Office for each and every applicable joint negotiation, UCSF Health shall be
permitted to negotiate a payor contract for hospital services jointly for both the Hospitals and
UCSF Health for that specific payor for that specific payor contract.

D. *Segregation of Information.* For purposes of these Conditions, "Payor Contracting
Information" shall mean prices; rates; price-related terms (including maximum reimbursement
amounts allowed or amounts paid for services), definitions, conditions, or policies; and pricing
methodologies concerning contracts or negotiations with a specific payor or future payor;
provided, however, that "Payor Contracting Information" shall not include: (i) information that is
in the public domain or that falls in the public domain through no violation of these Conditions or

1 breach of any confidentiality or non-disclosure agreement with respect to such information by
2 UCSF Health or any of its affiliates; (ii) information that becomes known to UCSF Health from a
3 third party that UCSF Health reasonably believes has disclosed that information legitimately; (iii)
4 information that is required by law to be publicly disclosed; (iv) information of a payor that
5 applies to all providers or to all providers within a category (e.g., provide type or geography)
6 unrelated to provider prices, rates, or price-related terms; or (v) aggregate information¹⁰
7 concerning the financial condition of the Hospitals. This paragraph shall not be construed to
8 require the Hospitals to have a separate and independent electronic system of any kind for storing
9 and accessing clinical information from UCSF Health. Nor shall it be construed to require UCSF
10 Health to maintain separate teams to manage billing, reimbursement, collections, and related
11 activities ("Contract Administration"); provided, however, that UCSF Health prohibits the
12 sharing of any Payor Contracting Information applicable to UCSF Health and any of its affiliates
13 with the Community Hospitals Negotiating Team and prohibits the sharing of any Payor
14 Contracting Information applicable to the Community Hospitals with the UCSF Negotiating
15 Team.

16 Payor Contracting Information with respect to the Hospitals shall not, directly or indirectly, be
17 transmitted to or received by the UCSF Negotiating Team or by UCSF Health and any of its
18 affiliates, and Payor Contracting Information with respect to UCSF Health or any of its affiliates
19 shall not, directly or indirectly, be transmitted to or received by the Community Hospitals'
20 Negotiating Team, except as provided in this Condition.

21 No later than ninety (90) days after this AVC becomes effective, UCSF Health shall implement
22 procedures and protections¹¹ to ensure that Payor Contracting Information for UCSF Health or
23 any of its affiliates, on the one hand, and the Hospitals, on the other, is maintained separately and
24 confidentially, including but not limited to:

- 25 1. Establishing an information firewall (Firewall) that prevents the UCSF Negotiating Team,
26 UCSF Health or any of its affiliates from requesting, receiving, sharing, or otherwise
27 obtaining any Payor Contracting Information with respect to the Hospitals, and prevents
28 the Community Hospitals Negotiating Team from requesting, receiving, sharing, or
otherwise obtaining any Payor Contracting Information with respect to UCSF Health or
any of its affiliates.

The Firewall shall include reasonable confidentiality protections, internal practices,
training, segregation of personnel, communication restrictions, data storage restrictions,
protocols, and other system and network controls and restrictions, all as reasonably
necessary to make the Firewall effective.

The Firewall shall also include measures by which the Monitor, as appointed pursuant to
condition XXVI, the Hospitals, and UCSF Health shall (1) investigate any suspected
material violation of any established policies and procedures; (2) develop and implement
appropriate remedial training and/or disciplinary action for any substantiated violation; (3)
adopt disclosure mitigation measures in the event of a breach; and (4) document and

¹⁰ "Aggregate information" shall mean information that is aggregated across services and
across payors.

¹¹ After this AVC becomes effective and before the procedures and protections are
implemented, UCSF Health and any of its affiliates shall use Commercially Reasonable Efforts to
ensure that Payor Contracting Information for UCSF Health or any of its affiliates, on the one
hand, and the Hospitals, on the other, is maintained separately and confidentially.

1 maintain records of reported Firewall policy violations to provide to the Attorney
2 General's Office upon request.

- 3 2. Establishing a software application or other data system that houses Payor Contracting
4 Information (Contract System) that is utilized by the UCSF Negotiating Team that is
5 separate or clearly partitioned from the Contract System that is utilized by the Community
6 Hospitals Negotiating Team to ensure the confidentiality of Payor Contracting
7 Information;
- 8 3. Causing each of UCSF Health's employees with access to Payor Contracting Information
9 to maintain the confidentiality of that information, including but not limited to:
10 a. requiring each employee to sign a statement that the individual will comply with
11 these terms;
12 b. maintaining complete records of all such statements; and
13 c. providing an officer's certification to the Attorney General's Office as part of the
14 annual reporting required by this AVC stating that such statements have been
15 signed and, to the best of that officer's knowledge, information, and belief, are
16 being complied with by all relevant employees.
- 17 4. This Condition shall not operate to prevent UCSF Health's officers from requesting,
18 receiving, sharing, using or otherwise obtaining Payor Contracting Information relating to
19 any the Hospitals, including, but not limited to, aggregated information related to costs,
20 quality, patient mix, service utilization, experience data, budgets, capital needs, expenses,
21 and overhead. Provided that, however, UCSF Health's officers may not share Payor
22 Contracting Information regarding the Hospitals with the UCSF Health Negotiating Team,
23 or regarding UCSF Health and any of its affiliates with the Community Hospitals
24 Negotiation Team. This Condition also shall not operate to preclude any Regent, in the
25 exercise of their duties as a Regent, nor any Regents-appointed auditor, in the exercise of
26 the auditor's independent duties to the Regents, from receiving any and all information
27 and documents they may require; provided, however, that such Regents and auditors shall
28 be required, as a condition of their access, to not share any Payor Contracting Information
regarding UCSF Health and any of its affiliates with the Community Hospitals
Negotiating Team and any Community Hospitals Payor Contracting Information with the
UCSF Negotiating Team.
5. If a payor or future payor voluntarily elects to negotiate and contract jointly for hospital
services for both UCSF Health and the Hospitals, nothing in this AVC shall prohibit
UCSF Health from requesting or obtaining Payor Contracting Information with respect to
hospital services for both UCSF Health and the Hospitals for that particular payor or from
using that Payor Contracting Information for that particular Payor with respect to the joint
negotiations and contracting for that particular Payor Contract.
6. Nothing in this AVC shall prevent the department that will be responsible for contract
administration for both UCSF Health and the Hospitals (Corporate Payor Contracting
Department) from requesting Payor Contracting Information from the UCSF Negotiating
Team or the Community Hospitals Negotiating Team, provided, however, that:

- 1 a. the Payor Contracting Information that is requested and obtained is used solely for
2 the purpose of contract administration, and
- 3 b. the Corporate Payor Contracting Department is prohibited from providing, sharing,
4 or otherwise making available Payor Contracting Information from the UCSF
5 Negotiating Team to or with the Community Hospitals Negotiating Team; or from
6 the Community Hospitals Negotiating Team to or with the UCSF Negotiating
7 Team.

8 Within ninety (90) days of the Closing Date of the Affiliation Agreement, UCSF Health and the
9 Hospitals shall affirm to the Attorney General's Office that they will continue to maintain, as
10 separate, non-overlapping negotiating teams, the Community Hospital Negotiating Team, the
11 UCSF Health Negotiating Team, and the Joint Negotiating Team, respectively, and identify the
12 members of each negotiating team. UCSF Health and the Hospitals shall provide annually,
13 starting January 1, 2025, an update as to the identity of the members of each negotiating team and
14 continue to affirm that they are maintaining these separate, non-overlapping negotiating teams.

15 **XXI.**

16 **Price Cap Period.** For five (5) years from the Closing Date, the maximum that the Hospitals may
17 charge a payor for any Commercial or government-sponsored product for general acute care
18 hospital services will be governed by the applicable payment provisions in the contract terms that
19 are in effect for SMMC, SFMH, or Dignity Health, and that payor as of the Closing Date, subject
20 to any renewal contract terms that are negotiated in compliance with this AVC so long as such
21 annual price increase shall not exceed four percent (4.0%).

22 For purposes of this Condition XXI, price increases do not cover increases in the costs incurred by
23 the Hospitals as disclosed in applicable collective bargaining agreements that are in excess of 4.0%.
24 In the event the Hospitals negotiate with a payer an increase in excess of 4.0%, the Monitor and the
25 Attorney General shall have 60 days from the date of execution of the payer agreement to request
26 information about or raise any objection to the excess increase. In the event the Hospitals do not
27 reach an agreement satisfactory to the Attorney General, the parties shall meet and confer as
28 provided in Condition XXV herein.

29 **XXII.**

30 **Annual Compliance Report.** For ten (10) years from the Closing Date of the Affiliation
31 Agreement, the Hospitals and UCSF Health shall submit to the Attorney General, no later than six
32 (6) months after the conclusion of each calendar year, a report describing in detail compliance with
33 each Condition set forth herein during that calendar year. The Chief Executive Officer(s) of the
34 Hospitals and of UCSF Health (with respect to those Conditions that apply directly to UCSF
35 Health) shall certify that the report is true, accurate, and complete to the best of their knowledge,
36 information, and belief, and provide documentation of the review of the report by the Community
37 Advisory Board and Regents Health Services Committee.

38 **XXIII.**

39 At the request of the Attorney General, the Bound Parties shall provide such information as is
40 reasonably necessary for the Attorney General and the Monitor (as applicable), as appointed
41 pursuant to Condition XXVI, to monitor compliance with the Conditions. The Attorney General

1 will, at the request of the Bound Parties and to the extent provided by law, keep confidential any
2 information so produced except in so far as is necessary for the enforcement of these Conditions in
3 a judicial proceeding, subject to a protective order the Monitor may investigate and issue a report
4 and recommendation on any Condition where compliance, partial noncompliance, or
5 noncompliance by the Hospitals is involved, and the text of the Condition provides that review is
6 in the scope of the Monitor's engagement. To the extent that either a complaint is received by the
7 Attorney General or by the Monitor involving compliance, noncompliance, or partial compliance
8 with these Conditions by UCSF Health or its affiliates, only the Attorney General shall have the
9 power to investigate such compliance, partial compliance, or noncompliance with these Conditions.
10 The Attorney General is entitled to request the cooperation of UCSF Health and its affiliates with
11 any such investigation and such cooperation shall not be unreasonably withheld.

12 XXIV.

13 The Bound Parties shall reimburse the Attorney General for reasonable, documented investigative
14 costs incurred in connection with any investigative follow-up by the Attorney General, up to a
15 maximum of \$500,000 during the ten (10) year term of this AVC.

16 XXV.

17 The Attorney General reserves the right to enforce against the Bound Parties each and every
18 provision set forth herein to the fullest extent provided by law under California Government Code
19 section 12533 and shall be entitled to all of the remedies against the Bound Parties provided for by
20 California Government Code section 12533. Any action by the Attorney General to enforce these
21 Conditions may be brought in the Superior Court of San Francisco, and any applicable appellate
22 court therefrom. Before bringing any such action, the Attorney General's Office and UCSF Health
23 shall meet in good faith to discuss and try to reasonably resolve any such dispute without litigation
24 and shall discuss in good faith resorting to mediation, with a mutually acceptable mediator and
25 costs for the mediation to be split in half between the Attorney General's Office and UCSF Health.

26 XXVI.

27 The Attorney General shall have the power to appoint and will promptly appoint an independent
28 monitor (Monitor) to monitor and evaluate compliance with the Conditions herein as applicable to
the Hospitals only, for seven (7) years from the Closing Date of the Affiliation Agreement.¹²

To be qualified to serve as the Monitor, a candidate must disclose to the Attorney General any
potential conflict of interest, be experienced with hospital operations and managed care contracting
in general, if not also knowledgeable as to hospital operations and managed care contracting in
California. The Bound Parties will disclose candidates they propose to serve as the Monitor to the
Attorney General and the Attorney General will disclose candidates it proposes to serve as the
Monitor to the Bound Parties.

The Attorney General and the Bound Parties shall consider diversity, equity, and inclusion in
proposing candidates to serve as the Monitor. The Attorney General will give due consideration to
any candidates proposed by the Bound Parties and the Bound Parties will give due consideration to
any candidates proposed by the Attorney General.

Any interviews of any candidates will be jointly conducted by the Bound Parties and the Attorney
General.

¹² The Attorney General will monitor and evaluate compliance with these Conditions in
every other respect.

1 Not later than thirty (30) days after the Attorney General's selection of the Monitor, the Bound
2 Parties shall execute an agreement that, subject to the prior approval of the Attorney General,
3 confers on the Monitor those rights, powers, and authorities necessary to permit the Monitor to
4 perform their duties.

5 The Bound Parties may require the Monitor and each of the Monitor's staff and experts to sign a
6 customary confidentiality agreement; provided however, that such agreement shall not restrict the
7 Monitor from providing any information to the Attorney General.

8 The Monitor shall have the power to conduct and provide ongoing oversight and surveillance of
9 the Bound Parties' compliance with the applicable Conditions described in this AVC. The Monitor
10 shall have all powers reasonably necessary to monitor compliance with the Conditions, including
11 the power to:

- 12 1. Take complaints regarding compliance with the Conditions from payors, competitors of
13 the Bound Parties, employees of the Hospitals, and Foundation Physicians Medical
14 Group, employees of UCSF Health and UCSF Health Medical Foundation, or from the
15 Attorney General (with reasonable notice to be provided thereafter to all parties);
- 16 2. Inspect records and compel disclosure of confidential documents maintained by SFMH
17 and SMMC subject to any demonstrated legally recognized privilege and appropriate
18 confidentiality protections;
- 19 3. Interview staff, patients, visitors, contractors, and other interested persons subject to
20 reasonable prior notice and the opportunity for the Bound Parties to have counsel present;
- 21 4. Hire staff and experts reasonably necessary to conduct the activities within the scope of
22 the Monitor's engagement; and
- 23 5. Make recommendations concerning enforcement to the Attorney General.

24 The Bound Parties shall reasonably cooperate with the Monitor in the performance of the Monitor's
25 work and shall take no action to interfere with or impede the Monitor's ability to monitor
26 compliance with the Conditions.

27 The Bound Parties shall provide annual reports to the Attorney General of the Bound Parties' efforts
28 to comply with the Conditions. The Attorney General may confer with the Monitor regarding the
annual reports to determine compliance with Conditions under the scope of the Monitor's duties.

The Bound Parties will be solely responsible for the expenses of the Monitor, including staff and
experts of the Monitor, in performing the services described in this Condition; provided however,
that the Bound Parties will not be compelled to pay more than \$750,000 in the aggregate, with a
one-time supplement of up to \$225,000, upon the Attorney General's good cause determination for
the services provided by the Monitor during the term of the Monitor's engagement.

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XXVII.

Retaliation or threats of retaliation based on any payor, entity, or individual having provided information in conjunction with the Conditions herein to the Attorney General, the Monitor, or to a court is prohibited.

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