

FIRST AMENDMENT TO THE CONTRACT

THIS FIRST AMENDMENT to the Contract (“First Amendment”) is entered into by and between the San Bernardino County on behalf of Arrowhead Regional Medical Center (County) and Xtend Healthcare, LLC (“Contractor”).

WHEREAS, County and Contractor enter into the Contract effective June 4, 2021 (the “Contract”), for Contractor to provide audit services for coding and billing to Arrowhead Regional Medical Center (“ARMC”); and

WHEREAS, County and Contractor desire to amend (a) the scope of the audit services; and (b) the fee schedule, as provided in the Contract.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties agree as follows:

1. Capitalized Terms

Capitalized terms that are used but not defined in this First Amendment shall have the respective meanings assigned to them under the Contract.

2. Amended Sections

Subsection B.1, items B.1.7 and B.1.14 of Section B, “CONTRACTOR RESPONSIBILITIES” are deleted in their entirety and replaced as follows:

B.1.7 Perform requested coding audits, up to but not to exceed two hundred forty (240) inpatient encounters per calendar quarter and four hundred twenty (420) outpatient encounters per calendar quarter, of ARMC patient encounters to assess the appropriateness of available documentation and the accuracy of coding assignments, claim submissions, and payments determinations. This review will encompass an appropriate sample of patient records as determined in collaboration with ARMC. The samples will either be selected using a statistically significant based methodology or randomly from reports coded retrospectively by ARMC. Random samples shall validate current performance across the board and expose unknown problems. Focused samples shall provide deeper understanding of patterns of errors in high-risk areas (i.e., OIG) or other specific compliance concerns. Comprehensive Medical Record Review (“CMRR”) audits shall be performed remotely, twice a year, for up to ninety (90) encounters per CMRR.

B.1.7.1 Assess CMRR and coding audit risk to detect challenges, strengths, weaknesses and/or deficiencies, opportunities, threats, validate medical record and coding accuracy and offer visibility into department operations and processes that reflect the true state of hospital clinical documentation, medical necessity, coding, query compliance, security, and visibility into department operations and coding processes.

B.1.7.2 ARMC shall rely on the audits and recommendations to develop operational improvement and team building with an emphasis on boosting confidence, identifying educational opportunities, and setting performance goals.

B.1.7.3 Coding audit of up to two hundred forty (240) inpatient and four hundred twenty (420) outpatient encounters per calendar quarter to validate accuracy and content of medical documentation and coding, using CMS, AMA, AHA’s coding guidelines, LCDs/NCDs, California HCAI; and ARMC’s coding guidelines.

B.1.7.4 CMRR audit up to ninety (90) encounters to validate medical record documentation requirements, including but not limited to, timeliness and required data elements two times per year.

B.1.14 Conduct remote coding audits, up to but not to exceed two hundred forty (240) inpatient and four hundred twenty (420) outpatient encounters per calendar quarter. Xtend will provide individual coder audit results monthly no later than the fifth (5th) business day of the following month.

Subsection B.1, items B.1.28 and B.1.29 of Section B, “CONTRACTOR RESPONSIBILITIES” are deleted in their entirety and replaced as follows:

B.1.28 Provide a monthly executive summary one (1) calendar day after the final coding rebuttals are received. A calendar timeline template is provided as an example, attached hereto as **Attachment E**.

B.1.29 Provide a quarterly final report that includes an executive summary with recommendations for corrective action and a summary dashboard within seven (7) business days following the completion of the last monthly executive summary of the quarterly audit. However, the completion and presentation date is contingent upon the receipt of encounters as stated in Section E.4. A calendar timeline template is provided as an example, attached hereto as **Attachment E**.

Subsections E.4 and E.9 of Section E, “COUNTY RESPONSIBILITIES” are deleted in their entirety and replaced as follows:

E.4 Select the specific criteria for each such audit (including but not limited to type of service, dates of service, and place of service). The content and/or parameters of each quarterly audit may include encounters that require special treatment as directed by ARMC. County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3rd) business day of each month. A calendar timeline template is provided as an example, attached hereto as **Attachment E**.

E.9 Coders shall have forty-eight (48) business hours to issue a rebuttal to any audit findings. Health Information Management leadership will meet with the Contractor regarding coder rebuttals and discuss encounter/records findings before final quarterly report presentation.

Subsection F.2 of Section F, “FISCAL PROVISIONS” is deleted in its entirety and replaced as follows:

F.2 The total amount of payments under this Contract shall not exceed \$250,000 annually, up to \$750,000 for the total term of the Contract. The consideration to be paid to Contractor, as provided herein, shall be in full payment for all Contractor’s Services and expenses incurred in the performance hereof.

Contractor bears the risk that it may not be able to generate its anticipated (or any) profit in completing its performance of all required items of work for the specified level of compensation. In no event shall Contractor be entitled to receive compensation for any item of work required of Contractor under the terms of the Contract, which item of work is not performed by Contractor (including Contractor’s agents and approved subcontractors).

“Option 2 Fixed Fee” of Attachment A, “FEE SCHEDULE” is deleted in its entirety and replaced as follows:

Option 2: Fixed Fee (Quarterly)

AUDIT/EDUCATION SERVICES	FIXED FEE
Inpatient Fixed Fee for up to 240 records per quarter	\$22,665 per audit per quarter
Outpatient Fixed Fee for up to 420 records per quarter	\$32,700 per audit per quarter
CMRR Fixed Fee for up to 90 records	\$8,500 per audit (2 times per calendar year)
Coder Education with 1 hour AHIMA approved CEU	\$1,400 per session, plus travel expenses (if applicable, as described below)
Virtual Coder Education (individual or group) 1 hour without CEU (includes preparation/development of materials)	\$500 per 1 hour session

Travel Expenses:

If any onsite audits, presentations, or education sessions is requested by ARMC, ARMC agrees to reimburse Contractor reasonable, usual and customary travel fees (airfare, hotel, meals, rental car) for all Contractor's employees required to be onsite. All travel expenses must be incurred in accordance with County's policy as set forth in the terms of this Contract.

Invoicing:

1. Contractor will invoice ARMC on a monthly basis per fixed fees for inpatient and outpatient audits of 240 records (80 inpatient and 140 outpatient) per month as follows:

Inpatient/Outpatient Audit: \$55,365 per calendar quarter, invoiced monthly at \$18,455 per month. Contractor will invoice, at a minimum, not less than \$18,455 each month.

2. Contractor will invoice ARMC upon completion of each CMRR quarterly audit and executive summary, as follows:

CMRR Audit (90 records) and executive summary: \$8,500 per audit, up to 2 audits per calendar year

3. Contractor will invoice ARMC upon completion of each Coder Education session(s), as follows:

Coder Education with 1 AHIMA Approved CEU: \$1,400 per session

Virtual Coder Education (individual or group) 1 hour without AHIMA CEU: \$500 per session

Annual Increase in Fees:

Effective on June 1 of each year during the Term beginning on June 1, 2025, Contractor will utilize the Employment Cost Index, Total Compensation (Not Seasonally Adjusted), Private Industry Workers, by Occupational Group and Industry, Professional and Business Services (Table 5), as published by the Bureau of Labor Statistics of the United States Department of Labor (the "ECI") to adjust the Remote Hourly Rate and Fixed Fee(s) or other charges set forth in this Contract, or as amended, executed and effective under this Contract (collectively "Charges"). On June 1, 2025, the Charges will be adjusted by the percentage increase in the ECI, as most recently published prior to June 1, 2025, when compared to the ECI that was published on or prior to June 1, 2024. Beginning June 1, 2026, the Charges will be adjusted by the percentage increase in the ECI, as most recently published prior to January 1 of 2025, and each succeeding year during the Term, when compared to the ECI that was published for the same time period of the prior year. *For example, if the most recently published ECI to the current January 1 is 105.2 and the ECI published for the same time period one year earlier is 103.0, the current Charges will be increased by 2.1%. (105.2 – 103.0) divided by 103.0 equals 2.1%.* The increase in Charges set forth in this Contract in **Attachment A, FEE SCHEDULE** shall be capped at five percent (5%) or the percentage increase in the ECI, whichever is less.

3. Schedule 1 – Campaign Contribution Disclosure Senate Bill 1439

Contractor has disclosed to the County using Schedule 1 - Campaign Contribution Disclosure Senate Bill 1439, attached to this Amendment, whether it has made any campaign contributions of more than two hundred fifty dollars (\$250.00) to any member of the County Board of Supervisors or other County elected officer [Sheriff, Assessor-Recorder-Clerk, Auditor-Controller/Treasurer/Tax Collector and the District Attorney] within the twelve (12) months before the date this Amendment was approved by the County Board of Supervisors. Contractor acknowledges that under Government Code section 84308, Contractor is prohibited from making campaign contributions of more than two hundred fifty dollars (\$250.00) to any member of the Board of Supervisors or other County elected officer for twelve (12) months after the County's consideration of the Amendment.

In the event of a further proposed amendment to the Contract, Contractor will provide the County a written statement disclosing any campaign contribution(s) of more than two hundred fifty dollars (\$250.00) to any member of the Board of Supervisors or other County elected officer within the preceding twelve (12) months of the date of the proposed amendment.

Campaign contributions include those made by any agent/person/entity on behalf of Contractor or by a parent, subsidiary or otherwise related business entity of Contractor.

4. Miscellaneous

This First Amendment may be executed in one or more counterparts, and counterparts may be exchanged by electronic transmission (including by email) each of which will be deemed an original, but all of which together, constitute one and the same instrument. except as amended and/or modified by this First Amendment, all other terms of the Contract shall remain in full force and effect. The Contract as supplemented by this First Amendment supersedes any prior oral representation or verbal agreement among the parties and constitutes the exclusive agreement with respect to the subject matter herein and may be modified or amended only in writing signed by both parties.

IN WITNESS WHEREOF, the parties have duly executed this First Amendment to be effective upon the execution date of County’s signature as shown below (“Effective Date”).

**SAN BERNARDINO COUNTY ON BEHALF
OF ARROWHEAD REGIONAL MEDICAL
CENTER**

XTEND HEALTHCARE, LLC

Authorized Signature

Authorized Signature

Print Name

Michael B. Morris, Jr.

Print Name

Title

Chief Executive Officer

Title

Date

Date

**ATTACHMENT E
CALENDAR TIMELINE TEMPLATE**

MAY 2024

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. “APRIL RECORDS”	2 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. “APRIL RECORDS”	3 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. “APRIL RECORDS”	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

**ATTACHMENT E
CALENDAR TIMELINE TEMPLATE**

JUNE 2024

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
2	3 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. “MAY RECORDS”	4 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. “MAY RECORDS”	5 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. “MAY RECORDS”	6	7 Xtend will provide individual coder audit results monthly no later than the fifth (5 th) business day of the following month. “APRIL DUE”	8
9	10	11 County Rebuttals Due 48 business hours after individual coder audit “APRIL DUE”	12 Xtend Executive Summary Due one (1) calendar day after rebuttals “APRIL DUE”	13	14	15
16	17	18	19	20	21	22
23/30	24	25	26	27	28	29

**ATTACHMENT E
CALENDAR TIMELINE TEMPLATE**

JULY 2024						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. "JUNE RECORDS"	2 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. "JUNE RECORDS"	3 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. "JUNE RECORDS"	4	5 Xtend will provide individual coder audit results monthly no later than the fifth (5 th) business day of the following month. "MAY DUE"	6
7	8	9 County Rebuttals Due 48 business hours after individual coder audit "MAY DUE"	10 Xtend Executive Summary Due one (1) calendar day after rebuttals "MAY DUE"	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**ATTACHMENT E
CALENDAR TIMELINE TEMPLATE**

AUGUST 2024

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
				1 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. "JULY RECORDS"	2 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. "JULY RECORDS"	3
4	5 County agrees to send to Contractor mutually agreed upon number of encounters to be audited (80 inpatients and 140 outpatient records) by the third (3 rd) business day of each month. "JULY RECORDS"	6	7 Xtend will provide individual coder audit results monthly no later than the fifth (5 th) business day of the following month. "JUNE DUE"	8	9 County Rebuttals Due 48 hours after individual coder audit "JUNE DUE"	10
11	12 Xtend Executive Summary Due one (1) calendar day after rebuttals "JUNE DUE"	13	14	15	16	17
18	19	20	21 Q2 Due April-June A quarterly final report will be completed and presented within seven (7) business days following the final executive summary of the quarterly coding audit.	22	23	24
25	26	27	28	29	30	31



SCHEDULE 1

Campaign Contribution Disclosure (SB 1439)

DEFINITIONS

Actively supporting the matter: (a) Communicate directly with a member of the Board of Supervisors or other County elected officer [Sheriff, Assessor-Recorder-Clerk, District Attorney, Auditor-Controller/Treasurer/Tax Collector] for the purpose of influencing the decision on the matter; or (b) testifies or makes an oral statement before the County in a proceeding on the matter for the purpose of influencing the County's decision on the matter; or (c) communicates with County employees, for the purpose of influencing the County's decision on the matter; or (d) when the person/company's agent lobbies in person, testifies in person or otherwise communicates with the Board or County employees for purposes of influencing the County's decision in a matter.

Agent: A third-party individual or firm who, for compensation, is representing a party or a participant in the matter submitted to the Board of Supervisors. If an agent is an employee or member of a third-party law, architectural, engineering or consulting firm, or a similar entity, both the entity and the individual are considered agents.

Otherwise related entity: An otherwise related entity is any for-profit organization/company which does not have a parent-subsidary relationship but meets one of the following criteria:

- (1) One business entity has a controlling ownership interest in the other business entity;
- (2) there is shared management and control between the entities; or
- (3) a controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.

For purposes of (2), "shared management and control" can be found when the same person or substantially the same persons own and manage the two entities; there are common or commingled funds or assets; the business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis; or there is otherwise a regular and close working relationship between the entities.

Parent-Subsidiary Relationship: A parent-subsidiary relationship exists when one corporation has more than 50 percent of the voting power of another corporation.

Contractors must respond to the questions on the following page. If a question does not apply respond N/A or Not Applicable.

1. Name of Contractor: Xtend Healthcare, LLC

2. Is the entity listed in Question No.1 a nonprofit organization under Internal Revenue Code section 501(c)(3)?

Yes If yes, skip Question Nos. 3-4 and go to Question No. 5 No

3. Name of Principal (i.e., CEO/President) of entity listed in Question No. 1, if the individual actively supports the matter and has a financial interest in the decision: Daniel Brooks, President & CCO

4. If the entity identified in Question No.1 is a corporation held by 35 or less shareholders, and not publicly traded ("closed corporation"), identify the major shareholder(s):

Not Applicable

5. Name of any parent, subsidiary, or otherwise related entity for the entity listed in Question No. 1 (see definitions above):

Company Name	Relationship
Navient Business Processing Group, LLC	Parent company

6. Name of agent(s) of Contractor:

Company Name	Agent(s)	Date Agent Retained (if less than 12 months prior)
Not Applicable	Not Applicable	Not Applicable

7. Name of Subcontractor(s) (including Principal and Agent(s)) that will be providing services/work under the awarded contract if the subcontractor (1) actively supports the matter and (2) has a financial interest in the decision and (3) will be possibly identified in the contract with the County or board governed special district.

Company Name	Subcontractor(s):	Principal and//or Agent(s):
Not Applicable	Not Applicable	Not Applicable

8. Name of any known individuals/companies who are not listed in Questions 1-7, but who may (1) actively support or oppose the matter submitted to the Board and (2) have a financial interest in the outcome of the decision:

Company Name	Individual(s) Name
Not Applicable	Not Applicable

9. Was a campaign contribution, of more than \$250, made to any member of the San Bernardino County Board of Supervisors or other County elected officer within the prior 12 months, by any of the individuals or entities listed in Question Nos. 1-8?

No If **no**, please skip Question No. 10.

Yes If **yes**, please continue to complete this form.

10. Name of Board of Supervisor Member or other County elected officer: Not Applicable

Name of Contributor: Not Applicable

Date(s) of Contribution(s): Not Applicable

Amount(s): Not Applicable

Please add an additional sheet(s) to identify additional Board Members or other County elected officers to whom anyone listed made campaign contributions.

By signing the Amendment, Contractor certifies that the statements made herein are true and correct. Contractor understands that the individuals and entities listed in Question Nos. 1-8 are prohibited from making campaign contributions of more than \$250 to any member of the Board of Supervisors or other County elected officer while award of this Amendment is being considered and for 12 months after a final decision by the County.