

AGREEMENT FOR PRIMARY CARE

This Agreement is made and entered into by and between Peninsula Community Health Services, a public benefit nonprofit corporation (“PCHS”) and Mason County Public Hospital District No. 2, a Washington municipal corporation (“MCPHD2”), each individually a “Party” and collectively “the Parties.”

RECITALS

1. PCHS is a federally qualified health center that provides primary medical, dental, behavioral health counseling, substance use treatment, pharmacy, and health education and promotion activities for all stages of life. Services are provided to all patients regardless of their insurance status or ability to pay.
2. PCHS delivers primary care services to residents and other persons of MCPHD2, including at its Belfair clinic, school-based health clinic on the North Mason School campus, and through its mobile clinic program.
3. MCPHD2 is a public hospital district supporting the provision of healthcare services, including primary care services, to residents and other persons of MCPHD2’s service area. MCPHD2 has the authority and responsibility to facilitate the following, within the limits of its resources and the exercise of its discretion:
 - 3.1 Plan for and respond to health care needs of MCPHD2’s service area;
 - 3.2 Provide education and promote awareness of health issues in MCPHD2’s service area; and
 - 3.3 Promote preventive health measures and strategies within MCPHD2’s service area.
4. MCPHD2 has powers set forth in RCW 70.44 to provide health care facilities and programs for residents and other persons of MCPHD2 and its service area for the purpose of promoting health and wellness for such persons.
5. In furtherance of MCPHD2’s responsibility to provide health care programs and plan for and respond to the health care needs of its service area, MCPHD2 finds value in collaborating with PCHS to provide primary care services for the benefit of residents and other persons of MCPHD2 and its service area.

AGREEMENT

NOW, THEREFORE, in consider of the foregoing and the mutual promises and benefits contained herein, the Parties agree as follows:

1. **Term.** This Agreement shall be effective as of April 1, 2025 (“Commencement Date”) and shall have an initial term of ten (10) years (“Initial Term”) beginning on the

Commencement Date, subject to earlier termination as provided for herein. Thereafter, this Agreement shall automatically renew for two (2) additional five (5) year terms (each individually a “Renewal Term”) unless a Party provides written notice of its intent not to renew the Agreement at least twelve (12) months prior to the end of the Initial Term or then current Renewal Term, subject to earlier termination as set forth herein. The Initial Term and Renewal Term(s) are collectively referred to herein as, the “Term.”

2. **Professional Services.** PCHS shall provide comprehensive primary care services including medical, dental, behavioral health, nutrition, pharmacy, and support services (including but not limited to language access, transportation, and insurance enrollment), collectively “Professional Services” to residents of MCPHD2 and its service area, which shall be provided at the Clinic locations specified in Section 3. For clarity, all patients who receive Professional Services from PCHS pursuant to this Agreement shall be patients of PCHS, not patients of MCPHD2.

- 2.1 Laboratory Services. The Clinics shall be equipped to provide laboratory services. All laboratory services will be provided by PCHS or its contracted laboratory services provider. Laboratory services shall be made available to all PCHS patients.

3. **Clinic Locations and Hours of Operation.** PCHS shall provide Professional Services to residents of MCPHD2 and its service area at the following clinic locations (each, a “Clinic” and collectively, the “Clinics”):

- 3.1 Traditional Clinic: 31 NE State Route 300, Suite 200, Belfair, WA, 98528

- 3.1.1 Professional Services shall be available at the Traditional Clinic no fewer than five (5) days per week, and a minimum of forty (40) hours per week, except when a federal or state holiday occurs.

- 3.2 School-Based Health Clinic: North Mason School District: 300 E. Campus Drive, Belfair, WA 98528

- 3.2.1 Professional Services shall be available at the School-Based Health Clinic no fewer than five (5) days per week, and a minimum of forty (40) hours per week.

- 3.3 Mobile Clinic Outreach: PCHS shall schedule Professional Services to be available at least once per week through its mobile clinic (the “Mobile Clinic Outreach”). PCHS shall have discretion to schedule the location, days, and hours of its Mobile Clinic Outreach and will determine the schedule based on patient volume and Provider (as that term is defined in Section 4.1) availability.

4. **Clinic Staffing.** PCHS shall employ or otherwise engage an appropriate number of Providers and Non-Clinical Personnel (as defined below) to ensure sufficient staffing at the Clinics for the provision of Professional Services offered during the Clinics’ operating hours. As between PCHS and MCPHD2, all terms of employment or other engagement, including but not limited to, the selection, retention, compensation, benefits, and discipline of Providers and Non-Clinical Personnel, shall be PCHS’s sole responsibility.

- 4.1 Clinical Providers. PCHS shall employ or otherwise engage clinical providers to deliver Professional Services under this Agreement, including but not limited to physicians, advanced practice clinicians, dentists, hygienists, and behavioral health providers (collectively “Providers”). At least one (1) Provider shall be assigned to each Clinic at all times, including at least one (1) physician at the Traditional Clinic at all times. PCHS maintains an on-call schedule with a physician available at all times in accordance with federal and accreditation standards.
- 4.2 Non-Clinical Personnel. All non-clinical personnel required for the Clinics’ operations, including but not limited to administrative and management personnel (collectively, “Non-Clinical Personnel”), shall be employed or otherwise engaged by PCHS.

5. Clinic Operations

- 5.1 Supplies and Equipment, Utilities and Maintenance. PCHS shall provide all supplies, furniture, fixtures, and equipment reasonably necessary for the Clinics’ operations and consistent with the Clinics’ budgets. PCHS shall arrange for the utilities and maintenance generally needed in a clinic setting utilizing local service when available and comparable.
- 5.2 Clinic Management. PCHS shall provide the services of a qualified manager, experienced in primary care, who shall be responsible for the day-to-day management of the Clinics. PCHS shall be solely responsible for the day-to-day and ongoing operations, oversight, and management of the Clinics.
- 5.3 Necessary Licenses. PCHS shall obtain and maintain all necessary licenses, provider numbers, certifications, and other items necessary for the Clinics’ operations.

6. Professional Standards and Qualifications.

- 6.1 Standard of Care. PCHS shall furnish Professional Services consistent with, at a minimum, the prevailing standard of care and in accordance with prevailing professional standards. PCHS shall provide Professional Services in accordance with all relevant federal, state, and local laws and regulations, including but not limited to, non-discrimination laws.
- 6.2 Provider Qualifications. PCHS shall ensure that, at all times during the Term, each Provider shall: (i) be covered by PCHS’s professional liability insurance consistent with Section 12 when providing healthcare services within the scope of their employment with PCHS; (ii) be appropriately licensed or certified in Washington State, without suspension, as necessary to provide Professional Services hereunder; (iii) be appropriately credentialed and privileged to provide Professional Services at the Clinics; (iv) maintain all applicable controlled substances numbers and

licenses necessary to prescribe and dispense drugs under applicable Washington state and federal laws; and (v) maintain contract status with the payors listed on Attachment A and such additional payors as reasonably requested by MCPHD2.

PCHS shall provide documentation of its Providers' compliance with all the provisions of this Section 6.2 to MCPHD2 upon MCPHD2's request. If any Provider fails to meet the requirements of this Section 6.2 at any time during Term, PCHS shall promptly cause such Provider to immediately cease providing Professional Services at the Clinics until the Provider returns to full compliance with the requirements of this Section 6.2.

6.3 Provider Standards. PCHS shall require its Providers to perform their duties: (i) in compliance with all applicable laws, regulations, other legal requirements, and Medicare and Medicaid standards; (ii) professionally, ethically, and competently; (iii) within the scope of the Provider's license or certification and any restrictions to the same; and (iv) consistent with the prevailing standard of care. PCHS represents that it conducts annual performance reviews of all Providers and has a process to promptly address performance and/or competency issues.

6.4 Healthcare Program Participation. PCHS represents and warrants that neither it nor any of the Providers has been sanctioned, barred from participation in, or excluded from any federal or state healthcare program, specifically including Medicare and Medicaid. The foregoing shall be ongoing representations and PCHS shall promptly inform MCPHD2 in writing if it or any PCHS Providers are subject to such sanctions or exclusions. If either PCHS or a Provider is excluded from participation in any state or federal healthcare program during the Term or if at any time after the Effective Date, it is determined that PCHS or a Provider is in breach of this Section 6.4, this Agreement shall, as of the effective date of such exclusion or breach, automatically terminate, unless a Provider is in breach of this Section 6.4 and PCHS immediately excludes such Provider from providing Professional Services under this Agreement. PCHS shall be solely responsible for all claims, losses, or liability arising from any breach of the representations made in this Section 6.4 and MCPHD2 shall have no responsibility or liability for the same.

7. **Emergency/Prolonged Closure**. PCHS will use all reasonable efforts to operate its Clinics and provide Professional Services in accordance with this Agreement. In the event of a prolonged closure of the Traditional Clinic or the School-Based Health Clinic of fourteen (14) days or longer, PCHS will ensure the availability of Professional Services through its Mobile Clinic Outreach program. In such event, the Parties may adjust the compensation paid by MCPHD2 to PCHS pursuant to Section 11, as appropriate and mutually agreed to by the Parties. PCHS shall resume operations and provide Professional Services in accordance with this Agreement at any Clinic which has sustained a prolonged closure as soon as reasonably practical.

8. **Recordkeeping**. PCHS shall prepare and maintain, on a timely basis, complete and accurate medical, financial, and other records, reports, claims, and correspondence relating

to the Professional Services provided pursuant to this Agreement (collectively referred to as "Records"). Records shall remain the property of PCHS, and MCPHD2 shall have no ownership interest in the Records.

- 8.1 MCPHD2's Right to Examine Records. MCPHD2 shall have the right to examine the Records as needed for inspection and copying, subject to all applicable laws and regulations. Within ten (10) business days of receiving a written request from MCPHD2 and/or its authorized representatives to examine Records, PCHS shall produce the Records in accordance with all applicable laws and regulations. MCPHD2 shall also be entitled to procure an audit, at MCPHD2's sole cost and expense, relating to compensation paid by MCPHD2 to PCHS pursuant to Section 11 to verify the accuracy of PCHS's written reports submitted to MCPHD2.

- 8.2 Privacy and Confidentiality. The Parties acknowledge that medical and other patient-related records (collectively, "Protected Health Information" or "PHI") are protected by and subject to numerous laws, rules, and regulations regarding privacy, security, confidentiality, consent, access, and disclosure. The Parties agree to comply with all privacy, security, confidentiality, consent, access, and disclosure requirements, including all documentation and access requirements, of applicable federal and state laws, rules, and regulations pertaining to PHI, including but not limited to the Washington State Uniform Health Care Information Act (RCW 70.02), the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. 1320(d), and the implementing administrative regulations codified at 45 C.F.R. Subtitle A, Subchapter C, Part 160 et. seq. ("collectively HIPAA"), and 42 C.F.R. Part 2. As of the Effective Date, the Parties agree that neither is a "business associate" pursuant to HIPAA of each other or a "qualified service organization" pursuant to 42 C.F.R. Part 2. If the Parties later determine that either is a business associate to a Party or qualified service organization, then the Parties will enter into a Business Associate Agreement and Qualified Service Organization Agreement regarding compliance with those regulations. MCPHD2 shall ensure that any third party or auditor who examines PCHS's Records comply with confidentiality provisions of the applicable provisions of all of the state and federal laws and regulations set forth in this subsection. Each party shall be responsible for its own compliance with applicable laws and regulations pertaining to the privacy and security of medical records and Protected Health Information.

Additionally, the Parties acknowledge that during the Term, each Party may be brought into contact with the other Party's confidential business plans, methods of operations, compensation methods and formulas, performance standards, pricing policies, marketing strategies, records, trade secrets and other information about the others operations and business of a confidential nature (collectively, "Confidential Information"). Therefore, during the Term and thereafter, each Party, its agents and employees (the "Disclosing Party"), will not in any manner, directly or indirectly, disclose or divulge to any person or other entity whatsoever, whether directly or indirectly in competition with the other Party (the "Nondisclosing Party"), or use for any purpose any Confidential Information, except as required by law or

expressly authorized in writing by the Nondisclosing Party. Upon the expiration or termination of this Agreement for any reason, each Party shall immediately return to the other any and all Confidential Information in such party's possession or control, including, but not limited to, any originals or copies of, or computer discs containing policies, procedures, patient medical records, operation or employment materials, billings or billing information. Neither Party shall retain any Confidential Information in any form (e.g., computer hard drive, microfilm, etc.) upon the expiration or termination of this Agreement.

- 8.3 Access to Books and Records Upon Termination. Until the expiration of four (4) years after the furnishing of services under this Agreement, PCHS shall make available, upon written request, to the Secretary of Health and Human Services or to the Comptroller General, or any of their duly authorized representatives, this Agreement and the books, documents, and records of the Parties as are necessary to certify the nature and extents of the services it provided under this Agreement.

9. **Patient Billing and Collection.**

- 9.1 Billing/Collection. Throughout the Term of this Agreement, PCHS shall have the sole right to bill and collect from patients and/or appropriate third parties, as applicable, for all Professional Services provided pursuant to this Agreement. PCHS shall, either directly or through a third party, bill and attempt to collect all fees for services rendered at Clinics. The accounts receivable and fees collected for Clinic services shall be owned by PCHS. The billed charges for all services shall be separately identified and shall be billed within an average of fourteen (14) days or less from when the services were provided. PCHS will make every reasonable effort to collect reimbursement for services in accordance with PCHS fee schedules and the corresponding schedule of discounts. PCHS shall assume sole responsibility for all bad debts, third-party payor discounts, and billing and collection expenses related to such professional fees and charges, and MCPHD2 shall have no responsibility for the same.
- 9.2 Indemnification and Termination. PCHS shall comply with all state and federal laws and regulations, and all government and third-party payer rules and guidelines in billing and collecting its fees for Professional Services consistent with Section 9.1, including but not limited to requirements related to balance billing and billing for out-of-network services. PCHS shall defend, indemnify, and hold harmless MCPHD2 for PCHS's failure to comply with such laws, regulations, rules, and guidelines. MCPHD2 has the right to terminate the Agreement if PCHS fails to comply with state, federal, or third-party payer rules.

- 9.3 Sliding Fee Scale and Patient Acceptance. As a federally qualified health center, PCHS accepts all patients regardless of ability to pay. PCHS prepares a schedule of fees or payments for the provision of its services consistent with locally prevailing rates or charges and designed to cover its reasonable costs of operation and prepares a corresponding schedule of discounts (“Sliding Fee Discount Schedule”) to be applied to the payment of such fees or payments, by which discounts are adjusted on the basis of the patient’s ability to pay.

Patients in need of a sliding fee scale, regardless of insurance status, will be offered discounts adjusted based on the patients’ ability to pay in accordance with the then current standards set by the Health Resources and Services Administration (HRSA). Subject to future changes by HRSA, a full discount or, at most, a nominal charge, is provided for individuals and families with annual incomes at or below 100% of the current federal poverty level. Partial discounts are provided for individuals and families with incomes above 100% of the current federal poverty level and at or below 200% of the current federal poverty level, and those discounts adjust based on gradations in income levels and include at least three discount pay classes. No discounts are provided to individuals and families with annual incomes above 200% of the current federal poverty level. PCHS shall provide a copy of the Sliding Fee Discount Schedule to MCPHD2 upon request.

10. PCHS Meeting and Reporting Requirements.

- 10.1 Meetings with MCPHD2 Superintendent. PCHS management and MCPHD2’s Superintendent shall meet quarterly to discuss the general status and operations of the Clinics. PCHS management shall be available to attend regular and special meetings of MCPHD2, at the advanced request of MCPHD2.
- 10.2 Financial and Quality Reporting. The Parties acknowledge that PCHS has adopted a fiscal year that runs January 1 through December 31.

10.2.1 Annual Budget. PCHS shall submit to MCPHD2 an annual budget (“Budget”) prior to commencement of the fiscal year. The Budget and shall be based on: (1) a strategic assessment of the Clinics’ service area, growth opportunities and requirements; (2) quarterly quality analytics data; (3) an operating and capital budget reflecting in reasonable detail the anticipated revenues and expenses of the Clinics for the following calendar year.

10.2.2 Quarterly Profit and Loss Statements. PCHS shall deliver detailed quarterly profit and loss statements to MCPHD2 within 45 days following the end of each calendar quarter, generally in the form set forth in Attachment B. PCHS shall provide a fiscal year-end profit

and loss statement for the preceding fiscal year by August 15th of each year during the Term.

10.2.3 Quarterly Quality Data. PCHS shall deliver quarterly quality analytics data to MCPHD2 within 45 days following the end of each calendar quarter. Such data shall include, but is not limited to, documentation of hours worked by Providers. The Parties shall meet thereafter to review such quality reports, including patient satisfaction surveys.

11. **Compensation.** MCPHD2 shall pay PCHS the sum of Three Hundred Thousand and No/100 Dollars (\$300,000.00) each fiscal year (pro-rated for any partial year and subject to further adjustments as described below) for PCHS's provision of Professional Services that are provided at PCHS's Traditional Clinic, School-Based Health Clinic, and Mobile Clinic Outreach in accordance with this Agreement ("Annual Compensation"). MCPHD2 shall pay PCHS the Annual Compensation owed in equal semi-annual installments on June 15 and December 15 of each calendar year.

11.1 Costs Included in Compensation. The following PCHS costs are included in the Compensation and PCHS shall ensure that the Compensation is used or otherwise allocated only to such costs: staffing costs including benefits; medical program; dental program; behavioral health program; nutrition program; patient support services including but not limited to translation, and insurance enrollment services; clinic costs including shredding, biohazard disposal, laundry, janitor; clinic supplies, gas, insurance, marketing, advertising, training, licensing, communications, parking, equipment, equipment repairs, custodian, and maintenance; management and general expenses not to exceed fifteen percent (15%) of PCHS's total management and general expenses; and such other costs agreed upon, in writing, by both parties.

11.2 Costs Not Included in Compensation. For clarity, all PCHS operation costs and expenses other than those set forth in Section 11.1 and Attachment B are not included in the Compensation and PCHS shall ensure that the Compensation is not used or otherwise allocated to such costs, including but not limited to: Provider continuing medical education; Provider conference registration, hotel, and travel costs; and food, transportation, and gas cards.

11.3 Profit Reinvestment. If PCHS's actual annual cumulative operating margin for the Clinics shows a profit, after considering the Compensation paid by MCPHD2 to PCHS as set forth herein, PCHS will reinvest any profits in healthcare infrastructure that services MCPHD2 residents and other persons within

MCPHD2's district boundaries and may do so at any time after accruing the profit. Any proposal to add new healthcare infrastructure under this section must be approved by MCPHD2, which approval shall not be unreasonably withheld.

11.4 Provider Compensation. PCHS shall be responsible for all salaries, benefits, and other compensation of its Providers and other personnel employed or otherwise engaged by Provider, and MCPHD2 shall not have any responsibility or obligation for the same. Providers shall look solely to PCHS for compensation for Professional Services performed by Providers, and PCHS shall indemnify MCPHD2 against any claims by Providers for compensation alleged by Providers to be owed by MCPHD2 for Professional Services provided under this Agreement. MCPHD2's payment to Provider of the Annual Compensation and Mobile Clinic Compensation shall satisfy and discharge any payment obligations of MCPHD2 arising from Professional Services furnished by PCHS and Providers.

12. **Insurance.**

12.1 Professional Liability Insurance. At all times during the Term, PCHS shall ensure that it and its Providers who are providing Professional Services pursuant to this Agreement are covered by professional liability insurance as is reasonably necessary to protect PCHS and its Providers against liability arising from or incident to the operation of the Clinics and the provision of Professional Services. As of the Effective Date, PCHS represents that PCHS and its Providers are deemed under the Federal Tort Claims Act (FTCA) as Public Health Service (PHS) employees for purpose of FTCA malpractice coverage. If, at any time during the Term, PCHS or its Providers become ineligible for malpractice coverage under the FTCA, PCHS shall promptly procure professional liability insurance such that there is no lapse in coverage and coverage under such insurance shall be in such amounts as PCHS deems necessary to protect it and its Providers against liability arising from or incident to the operation of the Clinics and the provision of Professional Services. If this Agreement is terminated by either Party, or any Provider ceases to provide services hereunder, Provider shall either (i) continue its then-current insurance, or (ii) purchase an extended reporting policy which, in either event, shall cover any claims which are made during a period of thirty-six (36) months thereafter. PCHS shall provide MCPHD2 with a certificate of its FTCA-deemed status or such other certificate evidencing the insurance coverage required under this Section. To the extent permitted by its insurer, PCHS shall list MCPHD2, its Board of Commissioners, and its Superintendent as additional insureds on the insurance required by this Section 12.1. It shall be understood and agreed that under no circumstance will any liability caused by PCHS extend to MCPHD2 (including its officers and commissioners), and PCHS shall defend, indemnify, and hold harmless MCPHD2 for any such claims.

12.2 Comprehensive General Liability and Cyber Insurance. PCHS shall maintain during the term of this Agreement comprehensive general liability and cyber

insurance as is reasonably necessary to protect it and its employees against liability arising from or incident to the operation of the Clinic. Upon request, PCHS shall provide MCPHD2 with a certificate of insurance evidencing the insurance coverage required under this Section 12.2. To the extent permitted by its insurer, PCHS shall list MCPHD2, its Board of Commissioners, and its Superintendent as additional insureds on the insurance required by this Section. It shall be understood and agreed that under no circumstance will any liability caused by PCHS extend to MCPHD2 (including its officers and commissioners), and PCHS shall defend, indemnify, and hold harmless MCPHD2 for any such claims.

12.3 Method of Providing Insurance. PCHS may provide the insurance coverage required by this Section through any reasonable method, including but not limited to self-insurance, programs of captive insurance companies, or other cooperative insurance or risk management programs; provided that the financial protection available under any such program(s) is substantially equivalent to that required by requirements set forth in Sections 12.1 and 12.2.

13. **Relationship of Parties.** It is mutually understood and agreed that PCHS and MCPHD2 are at all times acting and performing as independent contractors. The Parties acknowledge and agree that neither is the employee of the other and that each is an independent contractor with respect to the other. Each Party is solely responsible for and shall comply with all state and federal laws pertaining to employment taxes, income withholding, unemployment compensation contributions, and other employment-related statutes applicable to that Party. MCPHD2 shall neither have nor exercise any control over the professional clinical judgment or methods used by PCHS or PCHS Providers in the performance of its Professional Services pursuant to this Agreement. Nothing in this Agreement shall be construed as creating or constituting a partnership between MCPHD2 and PCHS.

Neither PCHS, its Providers, nor any of their employees or agents shall have any claim under this Agreement or otherwise against MCPHD2 for Workers' Compensation, unemployment compensation, vacation pay, sick leave, retirement benefits, Social Security benefits, disability insurance benefits, unemployment insurance benefits, or any other benefits. MCPHD2 shall not withhold on behalf of PCHS or Providers any sums for income tax, unemployment insurance, Social Security or any other purposes, and all such withholdings or obligations shall be the sole responsibility of PCHS. PCHS represent and warrant that either PCHS or Providers shall pay all applicable income taxes and payroll taxes required by federal, state or local law. PCHS shall indemnify, defend, and hold harmless MCPHD2 from any and all claims that any employee or agent of PCHS, or Provider is an employee of MCPHD2. Furthermore, it is the intent of the parties that neither PCHS nor Providers shall ever have any right whatsoever to participate in any employee benefit plan offered by MCPHD2 pursuant to IRC § 403(b), even if PCHS or Providers are later determined to be common law employees, as was the case in *Vizcaino v. Microsoft Corp.*, 97 F.3d 1187 (9th Cir. 1996).

14. **Compliance with Health Care Laws and Related Modification.** Each Party is aware of laws prohibiting practices involving kickbacks, rebates, payments for referrals, private inurement, and the unauthorized practice of medicine. Each Party acknowledges that it has entered into this Agreement without intent to violate such laws and believes that this Agreement does not violate such laws. If any federal or state law or regulation is interpreted by judicial decision, regulatory action, or a Party's legal counsel in a manner that indicates that this Agreement may be in violation of any such law or regulation, the Parties shall work in good faith to amend this Agreement as necessary to comply with such law or regulation. To the maximum extent practicable, any such amendment shall preserve the financial terms of this Agreement. If the Parties are unable to reach agreement on an amendment as necessary to comply with such law or regulation, either Party may terminate this Agreement upon providing notice thereof to the other Party. Notwithstanding the above, if a Party seeks to terminate this Agreement pursuant to a legal interpretation performed by such Party's legal counsel, and the interpretation is disputed by counsel for the other Party, the Parties shall be required to resolve such dispute pursuant to the Section 15 of this Agreement titled "Dispute Resolution" prior to the termination of the Agreement.

Without limiting the generality of the foregoing, one of the goals of this Agreement is to comply with the Stark Law, (42 U.S.C. §1395nn) and the regulations promulgated thereunder. Nothing in this Agreement shall be construed to require PCHS or Providers to refer patients to MCPHD2 or to require MCPHD2 to refer patients to PCHS or Providers. PCHS, Providers, and MCPHD2 shall be entitled to use absolute discretion in referring patients for healthcare services.

15. **Dispute Resolution; Patient Complaints.**

15.1 Patient Complaints. MCPHD2 and PCHS have a mutual interest in seeing that any problems or grievances raised by patients concerning the Professional Services provided hereunder or the Clinics be handled promptly, thoroughly, and with respect for the rights of the confidentiality of the parties involved. MCPHD2 will promptly notify PCHS of any complaints or problems for which MCPHD2 receives from or on behalf of patients which MCPHD2 believes notification is appropriate. PCHS will provide copies of its protocols for resolving patient complaints and PCHS shall have primary responsibility to resolve any complaints raised by or on behalf of patients. Notwithstanding the foregoing, serious problems that PCHS believes may threaten the successful operations of the Clinics or threaten to create significant problems between MCPHD2 and the residents of MCPHD2, and which might erode the support MCPHD2 receives from the community, will be communicated to MCPHD2's Superintendent as soon as they are recognized. PCHS will not be required to disclose, and MCPHD2 shall not be entitled to receive, information regarding PCHS employment matters relating to individual employees.

15.1 Dispute Resolution Process. All disputes between the Parties relating to this Agreement shall be resolved by the dispute resolution process set forth in Attachment C.

16. **Termination.** This Agreement may be terminated before the expiration of the Term under the following circumstances:

16.1 By Notice. Either Party may terminate this Agreement without cause by providing written notice at least twelve (12) months before the effective date of termination.

16.2 Substantial Non-Compliance. MCPHD2 or PCHS may terminate this Agreement for cause. The allegation of breach must be provided through written notice, which shall specify the cause and the nature of the required cure, and the breaching Party shall have up to sixty (60) days to cure the breach, assuming the breach is capable of being cured and the breaching Party continues to use good faith efforts to cure the cause for breach. If any such cause is not rectified within such sixty (60) day period, this Agreement terminate upon written notice by the terminating Party in accordance with such notice. "Cause" for termination subject to notice and cure under this Section 16.2 shall mean any of the following: (i) a Party's material breach any material term, condition, or its obligations hereunder, including, without limit, PCHS's failure to agree to a third-party payor contracts pursuant to Attachment A and PCHS's failure to maintain the insurance required pursuant to Section 12; (ii) either Party's filing of any petition for voluntary or involuntary bankruptcy or insolvency; (iii) PCHS's loss or restriction of its ability to provide services to Medicare or Medicaid patients; or (iv) loss or restriction of PCHS's license, certification, or approval to operate the Clinics such that PCHS is unable to continue the uninterrupted operation of the Clinics.

16.3 No Consequential Damages. If this Agreement is terminated for any reason by either Party, any consequential losses accrued by PCHS shall not survive this Agreement and shall not become a liability to MCPHD2.

16.4 Effect of Termination or Expiration; Non-Disparagement. Notwithstanding the termination or expiration of this Agreement, the Parties shall be required to carry out any provisions hereof that contemplate performance by them subsequent to such termination or expiration; and such termination or expiration shall not affect any liability or other obligation that shall have accrued prior to such termination or expiration, including but not limited to any liability for loss or damage on account of default. During the Term and at all times thereafter, the Parties agree not to make any disparaging statements about each other, or their directors, commissioners, officers, and employees, including statements that will call into question the ethics, morality, quality of clinical services, or business judgment of the other or its directors, commissioners, officers or employees. This requirement is not intended to interfere with the ability of any party to engage in honest differences of opinion with respect to patient diagnosis/treatment; to participate in basic program development that is debated in appropriate forums; to respond to any appropriate requests for information from any state, local or federal governmental body; or to exercise the Parties' rights or obligations to report misconduct under applicable federal or state law.

17. **Written Notice.** Any notices or other communications required or contemplated under the provisions of this Agreement shall be in writing. The date of notice shall be the date of delivery if the notice is personally or electronically delivered, or three (3) days following the date of mailing if the notice is mailed by certified mail to the following address or such other address as a Party may specify by notice given in accordance herewith:

17.1 Peninsula Community Health Services:
Attn: Jennifer Kreidler-Moss, CEO
400 Warren Ave. Suite 200
Bremerton, WA 98337
Email: jlkreidlermoss@pchswb.org

17.2 Mason County Public Hospital District No. 2
Attn: Sandra Robertson, Superintendent
P.O. Box 1626
Belfair, WA 98528
Email: sandy@mcphd2.org

18. **Governing Law.** This Agreement shall be governed by and construed under the law of the State of Washington. Venue shall be proper in the Superior Court for Mason County, Washington.

19. **No Assignment.** Neither Party may assign, delegate, or otherwise transfer any duties or obligations under this Agreement without the prior written consent of the other Party, which shall not be unreasonably withheld; provided that PCHS may assign certain rights and duties to an Affiliate in furtherance of the effective operation of the clinic, in which event PCHS shall ensure that such Affiliate cooperate with PCHS to ensure the fulfillment of this Agreement. Any effort to do so shall be void and be cause for immediate termination of this Agreement.

20. **Entire Agreement and Amendment.** This Agreement, including the Attachments, constitutes the entire agreement between the Parties and supersedes any and all prior agreements or understandings, either written or oral, relating in any way to the subject matter of this Agreement. This Agreement may be amended only in writing and signed by the Parties.

21. **No Waiver.** No failure by either Party to insist upon the strict performance of any provision or of any other provision in the future, and no waiver shall be deemed to have been made unless expressly in writing and signed by the other Party.

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

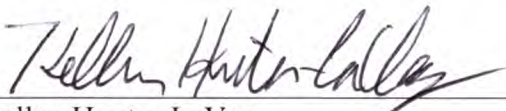
23. **Survival.** Sections 6.4, 8, 12, 13, 15, 16.4, 18 and 23 and such other terms which expressly or by their nature survive termination of this Agreement, shall survive the expiration or termination of this Agreement for any reason.
24. **Binding Effect.** This Agreement is binding on the Parties and on their respective executors, administrators, representatives, successors, and assigns.
25. **Force Majeure.** Neither Party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service or employment resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery, or supplies, vandalism, strikes or other work interruptions by a Party or its employees, or any other cause beyond the reasonable control of either Party. However, both Parties shall make good faith efforts to perform under this Agreement in the event of any such circumstance.
26. **Authority.** Each Party to this Agreement represents that the execution, delivery, and performance by that Party of this Agreement has been duly authorized by all necessary action of that Party's governing body.
27. **Jeopardy.** If either Party reasonably determines that the continued performance of this Agreement: (a) jeopardizes PCHS's or any Affiliate's (i) licensure, (ii) participation in or recovery from any reimbursement or payment programs, (iii) accreditation status, (iv) tax-exempt or bond financing status, or (v) MCPHD2's status as a public hospital district, the Party shall notify the other Party so that the Parties may resolve the issues. If the Parties are unable to resolve the issues within sixty (60) days of such notice, either Party may terminate the Agreement and the Parties shall cooperate with the each other to ensure the appropriate transition of patient care. For purposes of this Agreement, "Affiliate" shall mean any entity that controls, is controlled by, or is under common control or related by governance.
28. **No Third-Party Beneficiaries.** This Agreement is entered into for the benefit of the Parties. Other than the Affiliates, this Agreement shall not be construed as creating any right, claim or cause of action against either party by any person or entity not a party to this Agreement.
29. **Effect of Agreement.** This Agreement hereby supersedes and replaces all previous agreements, understandings, and arrangements, whether written or oral, including any and all amendments thereto, between the Parties pertaining to the same subject matter as set forth herein.
30. **Counterparts.** This Agreement may be executed in any number of counterparts, via ink, facsimile, email, or electronic signatures, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

31. **Cumulation of Remedies.** The various rights, options, elections, powers, and remedies of the respective parties hereto contained in, granted, or reserved by this Agreement, are in addition to any others that said parties may be entitled to by law, shall be construed as cumulative, and no one of them is exclusive of any of the others, or of any right or priority allowed by law.
32. **Public Entity.** The Parties acknowledge and agree that MCPHD2 is a Washington state public hospital district and a municipal corporation under Washington law, and thus is required to comply with Washington state laws and regulations applicable to municipal entities, including without limitation with the Washington State Public Records Act as set forth in RCW Ch. 42.56 and with the laws pertaining to the preservation and destruction of public records as set forth in RCW Ch. 40.14 (collectively, the “Acts”). Nothing in the Agreement shall be deemed to require MCPHD2 to act in any manner that is inconsistent with MCPHD2’s obligations under the Acts.

[Remainder of page left intentionally blank; signature page follows]

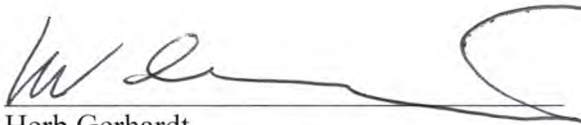
IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the latest date set forth below.

PENINSULA COMMUNITY HEALTH SERVICES


Kellen Hunter-LaVoy,
General Council for PCHS

3/28/2025
Date

MASON COUNTY PUBLIC HOSPITAL DISTRICT NO. 2


Herb Gerhardt
MCPHD2 President, Board of Commissioners

3/25/25
Date

ATTACHMENT A

PAYOR LIST

GOVERNMENT PAYORS

- Medicare
- Medicaid
- Basic Health Plan
- Department of Labor & Industries Workers Compensation
- Office of Workers Compensation Program
- TRICARE (CHAMPUS)

GEHA HEALTH PLANS

KAISER PERMANENTE HEALTH PLANS

REGENCE

PREMERA BLUE CROSS

FIRST CHOICE

AETNA U.S. HEALTHCARE

COMMUNITY HEALTH PLAN

- Healthy Options

MOLINA

This is not an all-inclusive list. Names indicated above shall include any successors or assignees where applicable.

Attachment B

**PENINSULA COMMUNITY HEALTH SERVICES
BELFAIR CLINIC & SCHOOL-BASED HEALTH CLINIC NORTH MASON SCHOOL
DISTRICT
YYYY QUARTER #**

		Quarterly Operating Performance Actual
OPERATING REVENUE		
Patient Service Revenue	\$	-
Revenue from Capitated Contracts	\$	-
Federal Grant Revenue	\$	-
Other Grant Revenue	\$	-
Risk Pool and Shared Savings (Expense)	\$	-
In-Kind Revenue	\$	-
Other Operating Revenue	\$	-
Interest Income	\$	-
Total Operating Revenue	\$	-
OPERATING EXPENSES		
Salaries	\$	-
Payroll Taxes and Fringe Benefits	\$	-
Supplies	\$	-
In-Kind Expense	\$	-
Occupancy	\$	-
Professional Fees	\$	-
Maintenance and Repairs	\$	-
Miscellaneous	\$	-
Communication	\$	-
Rent	\$	-
Ancillary Services	\$	-
Seminars and Training	\$	-
Insurance	\$	-
Recruitment and Retention	\$	-
Printing and Publications	\$	-
Depreciation and Amortization	\$	-
Management and General <small>(15% de minimis of other expenses)</small>	\$	-
Total Operating Expenses	\$	-
INCOME (LOSS) FROM OPERATIONS	\$	-
MOBILE EXPENSES (\$2,500 PER DAY)	\$	-
CUMULATIVE INCOME (LOSS) IN DISTRICT	\$	-

ATTACHMENT C

DISPUTE RESOLUTION.

Policy. The parties agree to cooperate in good faith and to deal fairly with each other in carrying out their respective duties under this Agreement. If a dispute arises, the parties shall use good faith efforts to first try to negotiate a fair and prompt resolution. If, after a period of ninety (90) days, they are unsuccessful in resolving the dispute, the dispute must be resolved by binding arbitration. The provisions of the Washington Uniform Arbitration Act, Chapter 7.04A RCW, are incorporated herein to the extent not inconsistent with the other terms of this Agreement, and the parties acknowledge that they intend to give up their right to have any dispute decided in court by a judge or jury except as provided in RCW 7.04A *et seq.*

Binding Arbitration. Any controversy or claim between the parties of any kind whatsoever, including but not limited to those arising from or relating to this Agreement or the relationship between the parties, and any claims arising in tort or under statute, must be resolved by a binding arbitration to be commenced in the manner provided in RCW 7.04A.090, provided, however, that all statutes of limitations that would otherwise apply do apply to disputes submitted to arbitration.

Arbitrator. The arbitration will be conducted by one arbitrator. If the parties cannot, within 15 days after commencement of the arbitration, agree on an arbitrator, he or she will be selected by the administrator of the American Arbitration Association (“AAA”) office in Seattle, Washington, within 15 days thereafter. The arbitrator must be an attorney with at least 15 years’ experience in commercial law in Washington State and the venue of the arbitration shall be in Mason County, Washington.

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

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

Arbitration Procedures. The arbitration must be conducted, generally, under the provisions of the Washington Uniform Arbitration Act, RCW 7.04A *et seq.*, as now stated or hereafter amended. The Civil Rules for Washington Superior Courts shall serve as a guide to the conduct of the arbitration proceedings. However, the arbitrator may modify those rules, including the rules of evidence, to the extent that the arbitrator deems appropriate, provided that such modifications are just, fair and equitable to both parties and are not prohibited under RCW 7.04A *et seq.*

Discovery. The arbitrator may authorize such discovery necessary for a fair hearing of the dispute. Such discovery may not extend the time limits established by this section.

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

Time Limits. The arbitrator and the parties shall do what is reasonably necessary to conduct the arbitration hearing within 120 days of the date the arbitrator is selected, and the arbitrator shall make every effort to limit the hearing to 2 days and to render his or her opinion within 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 will not affect the validity of the award.

Construction of Agreement. The arbitrator has no authority to add to, subtract from, or otherwise change or modify the provisions of this Agreement and may only interpret existing provisions of this Agreement as they may apply to the specific facts of the issues in dispute.

Award. The arbitrator must render his or her decision in writing. The decision must contain a brief statement of the claims 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 will be final, and judgment may be entered in any court having jurisdiction over it.

Remedies. 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. The arbitrator may also award attorney fees and costs to the Party that most substantially prevails, but does not have the power to award punitive or exemplary damages.

Arbitration Expenses. Each Party will bear one-half of the arbitrator's fee and any other expenses jointly incurred (court reporter, etc.) in the arbitration. All other expenses are to be borne by the Party incurring them.