

SETTLEMENT AND RELEASE AGREEMENT

WHEREAS, the State of California by and through the California Insurance Commissioner, Dave Jones (Commissioner), Rockville Recovery Associates, Ltd. (Relator) (collectively, Plaintiffs), and all of the health care provider defendants named and identified in the Second Amended Complaint in Intervention, including, without limitation, Marin General Hospital (collectively, Sutter), have agreed to settle and finally resolve the claims Plaintiffs have asserted against Sutter in the California Superior Court action pending in the County of Sacramento, Case No. 34-2010-00079432 (the Action);

WHEREAS, Sutter denies the material allegations asserted in the Action, but nevertheless wishes to compromise, settle, resolve and conclude the litigation so that it can devote its full attention and resources to the delivery of health care; and

WHEREAS, the Parties intend that the information Sutter has provided in this Settlement and Release Agreement will provide insurers and patients with information about Sutter Hospitals' anesthesia services, and will provide health insurance companies with information about Sutter Hospitals' audit policies and dispute resolution processes that will contribute to Sutter's efforts to provide safe and efficient high quality hospital services and reduce the overall costs of health care;

NOW THEREFORE, the Commissioner, the Relator, and Sutter (the Settling Parties), have agreed to the following terms of compromise and settlement:

1. Sutter shall pay the sum of Forty-Six Million Dollars (\$46,000,000) (Settlement Amount) in full and final settlement and discharge of claims brought in the Action, or which could have been brought in the Action. Such payment shall be made within ten (10) calendar days of full execution and delivery of this Settlement and Release Agreement containing a full release of claims as detailed below. The payment shall be made pursuant to instructions from the California Department of Insurance (CDI) and Relator's counsel, Lieff Cabraser Heimann & Bernstein, LLP. Sutter shall have no responsibility for the allocation of the Settlement Amount between the State and Relator, or their respective attorneys, and after paying the sum above in full, Sutter shall have no further liability for payment of any further sum of any kind or nature whatsoever, including, without limitation, attorney's fees, expert's fees, expenses, and costs.
2. Sutter will modify its existing chronometric charges for the hospital technical component of general anesthesia services in the operating room and monitored anesthesia care/regional anesthesia in the operating room billed under Revenue Code 37x as follows:
 - a. Sutter hospitals that currently charge separately for general anesthesia services in the operating room under Revenue Code 37x will continue to have two levels of charges for general anesthesia services in the operating room under Revenue Code 37x: complex general anesthesia and standard general anesthesia. These hospitals will implement flat charges for each of these levels of these general anesthesia services in the operating room under Revenue Code 37x as follows: 1.) There shall be one flat charge for

complex general anesthesia services for cases up to and including 180 minutes, and one flat charge for standard general anesthesia services up to and including 180 minutes. 2.) There shall be one flat charge for complex general anesthesia services for cases greater than 180 minutes, and one flat charge for standard general anesthesia services for cases greater than 180 minutes. Sutter hospitals that currently charge separately for monitored anesthesia care/regional anesthesia in the operating room under Revenue code 37x will implement a flat charge for monitored anesthesia care/regional anesthesia in the operating room.

The Settling Parties have chosen 180 minutes for the purposes of structuring these specific anesthesia services charges because they reasonably believe that approximately 85% of all cases requiring anesthesia services in the operating room are less than or equal to 180 minutes. The rationale for the flat charge for cases that last over 180 minutes is the same rationale that payers have accepted in connection with “stop loss” payment provisions, i.e., that payers agree to pay more for outlier cases that require more resources.

The new, flat charge structure described above shall be directly related to the specific equipment, supplies, and staff typically provided and available for patients who receive the complex and standard general anesthesia and monitored anesthesia care/regional anesthesia services as shown on Exhibit A. The Settling Parties agree that the information in Exhibit A meets this requirement at this time, but that the equipment, supplies, and staff may change as new or different resources are identified that directly relate to these charges.

Nothing in this Settlement and Release Agreement is intended to govern, restrict, or specify the indirect services or items that Sutter provides to patients as part of any charge, including, without limitation, the anesthesia charges discussed herein. Nothing in this Settlement and Release Agreement is intended to prevent Sutter from eliminating any or all separate charges for any anesthesia service, or from charging a single flat rate for any anesthesia service. The Settling Parties know of no federal or state regulations that prohibit Sutter from modifying its charges as set forth above, nor are they aware of any reason why Sutter may not lawfully do so. Nothing in this Settlement and Release Agreement is intended to prevent or restrict Sutter from complying with any federal or state laws or regulations governing charging and billing for these services that may be enacted or promulgated in the future. If Sutter reasonably believes that such a law or regulation exists, it shall notify the Commissioner and the Parties shall meet and confer concerning the effect of any such laws or regulations.

- b. In Exhibit A Sutter has identified the specific equipment, supplies, and staff that are directly related to the new, flat charge structure with reasonable particularity. As noted in part 2.a. above, the Settling Parties agree that the information in Exhibit A meets this requirement at this time, but that the

equipment, supplies, and staff may change as new or different resources are identified that directly relate to these charges.

Sutter affirms that the specific equipment, supplies, and staff identified in Exhibit A are not billed under any revenue code other than 37x, including, without limitation, operating room services billed under Revenue Code 36x; provided, however, that nothing in this Settlement and Release Agreement is intended to prevent Sutter from allocating costs in accordance with current Federal Medicare cost allocation and cost reporting requirements, or any other current or future requirements imposed by federal or state laws, regulations, or guidance, or in accordance with its own internal cost accounting protocols.

In order to further its efforts to be transparent in its disclosures to the government, payers and patients, Sutter has provided in Exhibit A-1 information regarding Sutter's average cost of anesthesia services per surgery, using anesthesia department cost information reported to the Centers for Medicare and Medicaid Services (CMS) in Sutter's Medicare cost reports divided by the number of surgeries for which anesthesia charges and costs are included in that Medicare cost information. Exhibit A-1 also provides cost information for the anesthesia gases to be billed separately to Revenue Code 25x, pursuant to part 2.d. of this Agreement. Exhibit A-1 separately identifies this cost information for each of Sutter's hospitals. The Settling Parties agree that the information in Exhibit A-1 meets this requirement. Nothing in this Settlement and Release Agreement provides the Commissioner any authority over the pricing of Sutter's charges, the relationship between charges and costs, or the "mark-up" of charges over costs, including, without limitation, the anesthesia charges referenced herein.

- c. The charge descriptions for complex general anesthesia, standard general anesthesia and monitored anesthesia/regional anesthesia care shall clearly identify the medical services provided to patients. The Settling Parties agree that Sutter's charge descriptions attached hereto as Exhibit B satisfy this requirement.
- d. Oxygen shall be included in the charges for general anesthesia services and monitored anesthesia care/regional anesthesia in the operating room billed under Revenue Code 37x. Anesthesia gases, such as sevoflurane, desflurane, and isoflurane, shall be charged at a flat amount established by each Sutter hospital that is billed under Revenue Code 25x, and not as part of charges for general anesthesia services in the operating room billed under Revenue Code 37x.
- e. Sutter shall place on its sutterhealth.org website Exhibits A and A-1. Sutter shall also place on its sutterhealth.org website a FAQ that explains its charges for general anesthesia services and monitored anesthesia care/regional anesthesia in the operating room in a way that Sutter

reasonably believes will be understandable to patients and will not confuse them. The FAQ shall also provide patients an Internet link to Exhibits A and A-1, and a point of contact who is knowledgeable about Sutter's charges and costs and can respond to patient or consumer inquiries about these matters. If the Commissioner believes that the FAQ is not understandable to patients or will confuse them, Sutter and the CDI shall meet and confer to address these issues. Sutter shall update the FAQ as needed.

- f. Sutter will provide the information in Exhibit A and Exhibit A-1 to CDI-regulated health insurance plans during contract negotiations with any such plan prior to execution of a contract with the plan, and shall permit such plans to ask for additional information from Sutter regarding hospital charges, including, without limitation, Revenue Code 36x and 37x charges. Sutter will provide a point of contact for each contracted CDI-regulated health insurance plan so that the plan may ask questions and receive written information regarding any and all charges on claims submitted to such plans for payment. Sutter shall update Exhibits A and A-1 annually for five (5) years to reflect any material changes to the specific equipment, supplies, and staff typically provided and available for patients who receive the specified anesthesia services, and shall provide these updated Exhibits to the Commissioner. Thereafter, Sutter shall update Exhibits A and A-1 to accurately reflect any material changes to the specific equipment, supplies, and staff typically provided and available for patients who receive the specified anesthesia services.
- g. Sutter warrants that its current contracts have no clauses that prohibit CDI-regulated health insurance plans from performing hospital charge audits and seeking refunds of charges for services that were not provided and appropriately documented in the hospital's medical records and other supporting clinical documentation, or were duplicate charges for a single service or item. Sutter agrees that it does not and will not require in contracts or dispute resolution provisions any term that prohibits CDI-regulated health insurance plans from performing hospital charge audits and seeking refunds of charges for services that were not provided and appropriately documented in the hospital's medical records and other supporting clinical documentation, or were duplicate charges for the same service or item. Sutter further acknowledges that all of Sutter's contracts and dispute resolution provisions permit payers to dispute fraudulent or misleading charges, or unfair billing practices, in accordance with the contracts' dispute resolution provisions, and Sutter agrees that it will explicitly state in future contracts that payers are permitted to dispute fraudulent or misleading charges, or unfair billing practices, in accordance with the contracts' dispute resolution provisions. Nothing in this Settlement and Release Agreement shall abrogate payers' rights or obligations to report suspected false, fraudulent, or misleading claims or charges to CDI.

- h. Sutter shall list UB-04 Revenue Code assignments for charges in the hospital chargemasters it provides to the Office of Statewide Health Planning & Development (OSHPD) for future publication on OSHPD's website.
- i. Marin General Hospital's billing of anesthesia services charges and its billing of anesthesia gases charges shall conform to part 2 of this Settlement and Release Agreement, including, without limitation, parts 2.a. through 2.d., and the information in Exhibits A and B. Marin General Hospital shall disclose the information in Exhibit A and the information specific to Marin General Hospital in Exhibit A-1 in accordance with parts 2.e. and 2.f. of this Settlement and Release Agreement, including, without limitation, posting a "Frequently Asked Questions" concerning anesthesia services for patients and consumers on its website, www.maringeneral.org in accordance with part 2.e. Marin General Hospital makes the warranties and clarifications regarding its contracts as described in part 2.g., and shall provide revenue code assignments on the hospital chargemasters it provides to OSHPD as described in part 2.h. Nothing in this part 2.i. is intended to increase or diminish any of the rights or obligations of Marin General Hospital under this Settlement and Release Agreement, but this part 2.i. is instead intended to clarify that even though Marin General Hospital is no longer owned or controlled in any way by Sutter Health, Marin General Hospital agrees to be bound by, and receive the full benefits of, the terms of this Settlement and Release Agreement as evidenced by its authorized signature below.

3. Releases.

- a. Except as to Sutter's obligations under parts 1 and 2 above, which are not released herein, Dave Jones, in his capacity as the Insurance Commissioner of the State of California, does hereby fully and finally release, acquit, covenant not to sue, and forever discharge Sutter, its predecessors and successors, and each of their respective board members, officers, employees, representatives, agents, attorneys, past and present owners, shareholders, partners, subsidiaries, and affiliates, for all time and to the fullest extent allowed by law, from any and all suits, arbitrations, claims, demands, actions, rights, obligations, liabilities, and causes of action of any kind, nature, or character, arising out of the facts, occurrences, acts, omissions, transactions, rights, or obligations that were or could have been alleged or asserted in the Action, whether known or unknown, including but not limited to all suits, arbitrations, claims, demands, actions, rights, obligations, liabilities, and causes of action of any kind, nature, or character arising out of Sutter's conduct concerning the billing of anesthesia services, including but not limited to any and all penalties, fines, assessments, trebling, disgorgements, overcharges, costs, fees, expenses, or general or special damages of any kind or nature (Commissioner's Released Claims).
- b. Except as to Sutter's obligations under part 1 above, which is not released herein, the Relator, its owners, officers, employees, principals, agents,

parents, subsidiaries, partners, and affiliates, and Dr. Bert Forman, M.D., and his corporations, companies, partnerships, and their owners, officers, employees, principals, agents, parents, subsidiaries, partners, and affiliates, do hereby fully and finally release, acquit, covenant not to sue, and forever discharge Sutter, its predecessors and successors, and each of their respective board members, officers, employees, representatives, agents, attorneys, past and present owners, shareholders, partners, subsidiaries, and affiliates for all time and to the fullest extent allowed by law from any and all suits, arbitrations, claims, demands, actions, rights, obligations, liabilities, and causes of action of any kind, nature, or character, whether known or unknown, past, present or future, that were or could have been alleged or asserted in the Action, or that arise out of or relate in any way to any of Sutter's charges, charging practices, chargemasters, billings, billing practices, pricing, cost-to-charge relationships, mark-ups, contracts, contracting, contract terms, including, without limitation, audit provisions, or any claims for payment of any kind or nature submitted to any person or entity of any kind or nature, including without limitation, any individual patient or guarantor, any third party payer of any kind or nature, including, without limitation, any government-sponsored program or government entity of any kind or nature, any quasi-government entity of any kind or nature, commercial health plan or insurer of any kind or nature, ERISA plan, group plan of any kind or nature, insurance company of any kind or nature, or any other payer of any kind or nature that exists now or may exist in the future. (Relator's Released Claims). Without limiting the foregoing in any way, but instead to broaden their obligations, the Relator, its owners, officers, employees, principals, agents, parents, subsidiaries, partners, and affiliates, and Dr. Bert Forman, M.D., and his corporations, companies, partnerships, and their owners, officers, employees, principals, agents, parents, subsidiaries, partners, and affiliates, and anyone claiming by, through or under them, agree that to the fullest extent allowed by law they shall refrain from contacting Sutter Health or its affiliated entities, or their board members, officers, directors, employees or agents, and that to the fullest extent allowed by law shall not pursue, instigate, assist, support or become involved in any way in, any suits, claims, demands, actions, rights, obligations, liabilities, investigations, or causes of action of any kind, nature, or character against, about or involving Sutter Health or any of its affiliated entities, or their board members, officers, directors, employees or agents, until the end of time that arise out of or relate in any conceivable way to any of Sutter's charges, charging practices, chargemasters, billings, billing practices, pricing, cost-to-charge relationships, mark-ups, contracts, contracting, contract terms, including, without limitation, audit provisions, or any claims for payment of any kind or nature submitted to any person or entity of any kind or nature, including without limitation, any individual patient or guarantor, any third party payer of any kind or nature, including, without limitation, any government-sponsored program or government entity of any kind or nature, any quasi-government entity of any kind or nature, commercial health plan or insurer of any kind or nature, ERISA plan, group plan of any kind or nature, insurance company of any kind or

nature, or any other payer of any kind or nature that exists now or may exist in the future. The Settling Parties intend these releases to be interpreted broadly, and understand and agree that the breadth of these releases is a material inducement to Sutter to enter into this Settlement and Release Agreement.

- c. The Commissioner's Released Claims and the Relator's Released Claims are referred to herein as the "Released Claims."
4. The Settling Parties have conducted all their own due diligence regarding the Released Claims and all matters related to the Released Claims. This Settlement and Release Agreement is expressly intended to release known and unknown claims, including all past, present, and future rights of action arising out of the Released Claims, and to the extent it applies the Parties expressly waive application of Section 1542 of the Civil Code of the State of California, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.
5. Each Settling Party will pay its own attorneys' and experts' fees and costs, and all other expenses it incurred in connection with the subject matter of the Action.
6. Upon their receipt of the funds specified in part 1 above, Plaintiffs shall dismiss the Action with prejudice. The Settling Parties agree to request, and do hereby request, that the Sacramento County Superior Court retain jurisdiction to enforce this Settlement and Release Agreement according to the procedure set forth in California Code of Civil Procedure section 664.6 or by any other procedure permitted by law. This Settlement and Release Agreement may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit, arbitration demand, or other proceeding that may be instituted, prosecuted, or attempted, arising out of or in any way related to the Released Claims.
7. The Relator, its owners, officers, employees, principals, agents, parents, subsidiaries, partners, and affiliates, and Dr. Bert Forman, M.D., and his corporations, companies, partnerships, and their owners, officers, employees principals, agents, parents, subsidiaries, partners, and affiliates, and anyone claiming by, through or under them, shall not issue any kind of press release or other blog or internet posting, or provide any news, magazine, or healthcare media statement or interview about this Settlement and Release Agreement or its terms,

Sutter Health, or any matter related to any aspect of the subject matter of the Action that relates to Sutter, including, without limitation, Sutter's charges, including, without limitation, anesthesia charges, Sutter's charging practices, chagemasters, billings, billing practices, pricing, cost-to-charge relationships, mark-ups, contracts, contracting, contract terms, including, without limitation, audit provisions, or any claims for payment of any kind or nature submitted by Sutter to any person or entity of any kind or nature. Without limiting the foregoing in any way, but instead to broaden the obligations of the Relator, Dr. Forman, and the Relator's owners, officers, employees and agents, these entities and individuals shall refrain from disparaging Sutter Health or any of its affiliated entities, or their board members, officers, directors, employees or agents, until the end of time. For its part, Sutter Health agrees that it will not disparage the Relator, Dr. Forman, and the Relator's owners, officers, employees and agents, until the end of time.

8. Each of the Settling Parties has been represented by competent legal counsel in connection with this Settlement and Release Agreement. The language of this Settlement and Release Agreement was fully negotiated and jointly drafted, and the Settling Parties expressly waive application of any rule of construction that would cause the language of this Settlement and Release Agreement to be construed against the party that drafted it. In addition, each of the Settling Parties has been fully advised by its own counsel of the meaning and effect of this Settlement and Release Agreement, and expressly warrants that it has not relied on any statements, promises, interpretations, facts, or opinions, provided by any other Settling Party or its counsel.
9. The individuals who execute this Settlement and Release Agreement represent and warrant that the Settling Party they are signing for owns the claims it is releasing and that they have not assigned, encumbered, or otherwise transferred the claim or any interest in the claim, and that such individual has full authority from the Settling Party they are signing for to execute this Settlement and Release Agreement on its behalf.
10. This Settlement and Release Agreement constitutes the entire understanding and agreement between the Settling Parties as to the final settlement of the Released Claims. There are no other prior or contemporaneous oral agreements concerning the Released Claims. This Settlement and Release Agreement may be amended at any time by agreement of Sutter and CDI without the consent of the Relator, but any such amendment must be in writing, dated and signed by Sutter and CDI to be effective; provided, however, that any amendment to parts 3.b. or 7 must be in writing, dated, and signed by Sutter and Relator to be effective.
11. This Settlement and Release Agreement is a settlement of disputed claims. By executing this Settlement and Release Agreement, no party admits any liability or fault in relation to the matters identified in or subject to this Settlement and Release Agreement, and neither the execution of this Settlement and Release Agreement nor the consideration therefor shall be construed as an admission as to the merits of any claim released herein.

12. In the event any portion of this Settlement and Release Agreement is declared void by a court, such portion shall be severed from this Settlement and Release Agreement, and the remaining provisions shall remain in effect, unless the effect of such severance would be to substantially alter the Settlement and Release Agreement or obligations of the Settling Parties, in which case the Settlement and Release Agreement may be immediately terminated.
13. The recitals are hereby incorporated into this Settlement and Release Agreement by this reference.
14. This Settlement and Release Agreement may be executed in counterparts, and each Settling Party shall provide a copy of the signature page with the signature of its authorized representative to the other Settling Parties. This Settlement and Release Agreement is effective on the date of signature of the last signatory to the Settlement and Release Agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Settlement and Release Agreement.
15. This Settlement and Release Agreement shall be governed by the laws of the State of California.

Sutter Defendants Except Marin General Hospital

10/31, 2013

By: *J. DeBenedetto* Assistant Secretary

Marin General Hospital

_____, 2013

By: _____

California Insurance Commissioner

_____, 2013

By: _____

Relator

_____, 2013

By: _____
Bert Forman, MD

12. In the event any portion of this Settlement and Release Agreement is declared void by a court, such portion shall be severed from this Settlement and Release Agreement, and the remaining provisions shall remain in effect, unless the effect of such severance would be to substantially alter the Settlement and Release Agreement or obligations of the Settling Parties, in which case the Settlement and Release Agreement may be immediately terminated.
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15. This Settlement and Release Agreement shall be governed by the laws of the State of California.

Sutter Defendants Except Marin General Hospital

_____, 2013

By: _____

Marin General Hospital

November 1, 2013

By: *Kevin W. Cep*

California Insurance Commissioner

_____, 2013

By: _____

Relator

_____, 2013

By: _____
Bert Forman, MD

12. In the event any portion of this Settlement and Release Agreement is declared void by a court, such portion shall be severed from this Settlement and Release Agreement, and the remaining provisions shall remain in effect, unless the effect of such severance would be to substantially alter the Settlement and Release Agreement or obligations of the Settling Parties, in which case the Settlement and Release Agreement may be immediately terminated.
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Sutter Defendants Except Marin General Hospital

_____, 2013

By: _____

Marin General Hospital

_____, 2013

By: _____

California Insurance Commissioner

October 31, 2013

By: *Patricia K. Stagg*
 Patricia K. Stagg
 Deputy General Counsel
 Relator

_____, 2013

By: _____
 Bert Forman, MD

- 12. In the event any portion of this Settlement and Release Agreement is declared void by a court, such portion shall be severed from this Settlement and Release Agreement, and the remaining provisions shall remain in effect, unless the effect of such severance would be to substantially alter the Settlement and Release Agreement or obligations of the Settling Parties, in which case the Settlement and Release Agreement may be immediately terminated.
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Sutter Defendants Except Marin General Hospital

_____, 2013

By: _____

Marin General Hospital

_____, 2013

By: _____

California Insurance Commissioner

_____, 2013

By: _____

Relator

10 | 31 | 2013

By: Bert Forman MD
Bert Forman, MD

EXHIBIT A

Sutter identifies the following equipment, supplies, and staff that are directly related to the new, flat charge structure for Complex General Anesthesia, Standard General Anesthesia, and Monitored Anesthesia Care/Regional Anesthesia in accordance with parts 2.a. and 2.b. of the Settlement and Release Agreement as follows:

1. Complex General Anesthesia (Cmplx Gen Anes)
 - Anesthesia equipment, including but not limited to the anesthesia workstation and all components (eg., gas induction components, ventilator, O₂ monitor, CO₂ monitor, BIS monitor, EKG, esophageal monitor, blood pressure monitor, and pulse rate monitor), Smart IV pumps, rapid infusion pumps, fluid warmers, and other anesthesia equipment items, medical gas tanks, pumps, piping, gas flow monitors, and alarms, and maintenance and upkeep;
 - Oxygen (excludes all other anesthesia gases billed under Revenue Code 25x);
 - Instruments used by the anesthesiologist, including but not limited to regular intubation instruments and scopes, and also those needed for difficult intubations, heated circuit;
 - Anesthesia-related supplies that are not billed separately including but not limited to breathing circuit, sterile and other supplies;
 - Anesthesia department staff, including but not limited to anesthesia medical device technicians;
 - Anesthesia-related quality review/assurance staff and resources;
 - Anesthesia-related patient medical records and records review; and
 - Anesthesia hazardous waste removal.

2. Standard General Anesthesia (Stnd Gen Anes).
 - Anesthesia equipment, including but not limited to the anesthesia workstation and all components (eg., gas induction components, ventilator, O₂ monitor, CO₂ monitor, BIS monitor, EKG, esophageal monitor, blood pressure monitor, and pulse rate monitor), Smart IV pumps, fluid warmers, and other anesthesia equipment items, medical gas tanks, pumps, piping, gas flow monitors, and alarms, and maintenance and upkeep;
 - Oxygen (excludes all other anesthesia gases billed under Revenue Code 25x);
 - Instruments used by the anesthesiologist, including but not limited to intubation instruments and scopes;
 - Anesthesia-related supplies that are not billed separately, including but not limited to breathing circuit, nasal mask, sterile and other supplies;
 - Anesthesia department staff, including but not limited to anesthesia medical device technicians;

- Anesthesia-related quality review/assurance staff and resources;
- Anesthesia-related patient medical records and records review; and
- Anesthesia hazardous waste removal.

3. Monitored Anesthesia Care/ Regional Anesthesia (Mon Anes Care/ Regional)

- Anesthesia equipment, including but not limited to the anesthesia workstation and components (eg., ventilator, O₂ monitor, CO₂ monitor, EKG, blood pressure monitor, and pulse rate monitor), Smart IV pumps, fluid warmers, and other anesthesia equipment items.
- Oxygen;
- Instruments used by the anesthesiologist;
- Anesthesia-related supplies that are not billed separately, including but not limited to breathing circuit, nasal mask, sterile and other supplies;
- Anesthesia department staff, including but not limited to anesthesia medical device technicians;
- Anesthesia-related quality review/assurance staff and resources;
- Anesthesia-related patient medical records and records review; and
- Anesthesia hazardous waste removal.

EXHIBIT A-1

Sutter provides the following average cost of the hospital technical component of anesthesia services per surgery based on anesthesia department cost data reported to CMS in Sutter's Medicare cost reports for the year 2012 and operating room surgery utilization data in the work papers in those reports.¹ These costs do not include the anesthesiologist's fees, which are billed separately by the anesthesiologist.

Sutter Hospital	Average Anesthesia Cost per Surgery
Alta Bates Summit Medical Center (Berkeley)	114
California Pacific Medical Center (San Francisco)	218
Eden Medical Center (Castro Valley)	207
Memorial Medical Center (Modesto)	78
Memorial Hospital (Los Banos)	135
Menlo Park Surgical Hospital (Menlo Park)	111
Mills-Peninsula Health Services (Burlingame)	187
Novato Community Hospital (Novato)	260
Sutter Amador Hospital (Jackson)	165
Sutter Auburn Faith Hospital (Auburn)	66
Sutter Coast Hospital (Crescent City)	45
Sutter Davis Hospital (Davis)	50
Sutter Delta Medical Center (Antioch)	213
Sutter Lakeside Hospital and Center for Health (Lakeport)	101
Sutter Maternity & Surgery Center of Santa Cruz	148
Sutter Medical Center (Sacramento)	207
Sutter Medical Center of Santa Rosa	186

¹ The averages for Alta Bates Summit Medical Center, Memorial Hospital Los Banos, Mills Peninsula, Menlo Park, Santa Cruz Maternity & Surgery Center, Sutter Amador Hospital, Sutter Medical Center Santa Rosa, St Luke's Hospital, and Marin General are estimated based on internal records, rather than anesthesia cost data reported in the Medicare cost reports. San Leandro Hospital is combined with Eden Medical Center for 9 months of 2012.

Sutter Roseville Hospital (Roseville)	102
Sutter Solano Medical Center (Vallejo)	70
Sutter Tracy Community Hospital (Tracy)	68
Marin General Hospital	286

Anesthesia Gases Acquisition Costs for the average patient receiving general anesthesia in the operating room:

Sevoflurane	\$19.85
Desflurane	\$24.72
Isoflurane	\$3.24

ATTACHMENT B

New Revenue Code 370 Charge Descriptions¹

Complex General Anesthesia 3 hours or less	Cmplx Gen Anes <=3Hr
Complex General Anesthesia more than 3 hours	Cmplx Gen Anes > 3 Hrs
Standard General Anesthesia 3 hours or less	Stnd Gen Anes <=3Hr
Standard General Anesthesia more than 3 hours	Stnd Gen Anes > than 3 Hrs
Monitored anesthesia care/ regional anesthesia	Mon Anes Care/Regional

¹ These are new descriptions for the specified services in the OR only.