McKesson Information Solutions LLC
Confidential and Proprietary to McKesson

Santa Barbara County Public Health Department
Customer No. 1006632
CS No. 1-BJ3U7
May 4, 2004

MCKESSON
Empowering Healthcare

Contract Supplement

Sold To:
Santa Barbara County Public Health Department
300 N. San Antonio Road
Santa Barbara, CA 93110

Ship To:
Santa Barbara County Public Health Department
300 N. San Antonio Road
Santa Barbara, CA 93110

Bill To:
Santa Barbara County Public Health Department
300 N. San Antonio Road
Santa Barbara, CA 93110
Telephone: (805) 681-5171
Facsimile: (805) 681-5126
Attention: Anne Fearon

Contract Supplement to Agreement No. C0407770, dated _____, 2004.

THIS CONTRACT SUPPLEMENT, including all Exhibits, Schedules, and Attachments hereto and incorporated herein (this "Contract Supplement") amends the agreement identified above including all Exhibits, Schedules, and Attachments thereto, and as amended (the "Agreement"), and is made effective as of this _____ day of _____, 2004 (the "Contract Supplement Effective Date"). Unless otherwise specifically and expressly set forth in this Contract Supplement, this Contract Supplement sets forth terms and conditions that apply only to the Facilities, Software and/or Services listed in this Contract Supplement. To the extent the terms and conditions of the Agreement are in conflict with this Contract Supplement, the terms of this Contract Supplement shall control. Where not different or in conflict with the terms, conditions and definitions of this Contract Supplement, all applicable terms, conditions, and definitions set forth in the Agreement are incorporated within this Contract Supplement as if set forth herein.

FACILITY LIST:

All Software licensed herein is for use at each of the following Facility(ies), unless a Software Product Facility Limitation Exhibit is attached hereto:

Facility	Street Address	City	State	ZIP
* Santa Barbara County Public Health Department	300 N. San Antonio Road	Santa Barbara	CA	93110

* Location of Customer's Data Center

(NOTE: It is not necessary to list offices of physicians and other caregivers who have privileges at a health care facility identified above.)

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SOFTWARE

Software #	Software Maintenance Services #	Description	Qty	Unit Price	Net Price	Annual Software Maintenance Services Fee
71000102	73006517	PracticePoint Plus	6 PFTEs[1]	$5,000	$30,000	$5,400

Software Total: $30,000

Software Payment Terms: 100% shall be due upon the Contract Supplement Effective Date.

Software Maintenance Total: $5,400

Software Maintenance Payment Terms: The first Annual Software Maintenance Service Fee shall be due upon the Contract Supplement Effective Date and will be pro-rated as set forth in General Comment No. 2 herein. McKesson will invoice Customer for subsequent Annual Software Maintenance Service Fees January 1 of each year of the Software Maintenance Term. The Software Maintenance Term shall begin upon the Contract Supplement Effective Date.

Grand Total: $30,000 $5,400

McKesson and Customer acknowledge that the Customer's 2004 Annual Maintenance Service Fees for the previously licensed PFTEs Software (including taxes) is in the amount of Fifty Five Thousand Ninety Two Dollars and Fifty Eight Cents ($55,092.58) and Customer further acknowledges that the Five Thousand Four Hundred Dollars and No Cents ($5,400.00) Annual Maintenance Service Fee for the additional PFTEs Software being licensed hereunder is in addition to the previously licensed amount.

PROCESSING SERVICES

Description
As set forth in Exhibit 2 attached hereto

Estimated Monthly Fees
$5,348

Processing Services Payment Terms:
Processing fees shall be due in accordance with Section 4 of Exhibit 1 attached hereto.

Estimated Processing Total:[2]

$5,348

GENERAL COMMENTS

1. <u>Software Maintenance Fees Increase</u>. McKesson will have the right to increase Software Maintenance fees upon sixty (60) days notice to Customer, provided that the amount of any such increase will not exceed the lower of (a) five percent (5%), or (b) the annual percentage increase in the CPI. Any such increase will not be effective until the next annual term of Software Maintenance Services. For purposes of this Contract Supplement No. 1-BJ3U7, "CPI" shall mean Consumer Price Index, All Urban Consumers, U.S. City Average for Los Angeles/Orange California, all items, published by the Bureau of Labor Statistics, United States Department of Labor using the most recently published statistics prior to January 1.

2. <u>Software Maintenance Fees Pro-Ration</u>. Annual Software Maintenance Services fees shall be due in accordance with the terms and conditions of the Agreement and be prorated on a 365-day calendar year.

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[1] See General Comment No. 6 below.
[2] Processing Services are not included in the Grand Total.

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3. Processing Services. Processing Services are set forth in Exhibit 1 attached hereto.

4. PracticePoint Plus and related Third-Party Software Maintenance Services shall include federal and state mandated changes for clinics, physician offices and medical groups in the areas of patient accounting made by McKesson to the Software after the Software delivery date but not separately priced or marketed by McKesson.

5. For purposes of this Contract Supplement No. 1-BJ3U7, McKesson will provide Software Maintenance Services for the Software licensed hereunder for an initial term which will commence on the Contract Supplement Effective Date and will end four (4) years thereafter (the *"Initial Software Maintenance Term"*). Following the expiration of the Initial Software Maintenance Term, subject to Customer's payment of the applicable Software Maintenance Services fees, McKesson will continue to provide Customer with Software Maintenance Services for successive, automatically renewable one (1) year periods (*"Renewal Terms"*), unless either party provides the other party with written notice of termination of Software Maintenance Services no less than six (6) months notice prior to the end of the Initial Software Maintenance Term or three (3) months prior to the end of the applicable Renewal Term.

6. For purposes of this Contract Supplement No. 1-BJ3U7, "Active Users" as set forth in Agreement No. C0407770 shall not be applicable. The Software licensed herein refers to PFTEs. "PFTE" means Physician Full Time Equivalents, and shall be calculated as follows: one (1) physician equals one (1) PFTE, and one (1) non-physician professional equals 0.33. The addition of the 6 PFTEs in this Contract Supplement brings the Customer's number of PFTEs to a total of 34. Each PFTE set forth in this Contract Supplement No. 1-BJ3U7 is currently priced in the amount of Five Thousand Dollars ($5,000), and the Software Maintenance Service fee for each PFTE is currently priced at eighteen percent (18%).

7. The Software previously licensed to Customer, including, but not limited to, the Software set forth in Exhibit 2 attached hereto ("Previously Licensed Software") was licensed prior to the execution of this Contract Supplement No. 1-BJ3U7. Customer and McKesson hereby agree that the terms and conditions set forth in Agreement No. C0407770 to which this Contract Supplement is attached shall prevail with regard to the Previously Licensed Software.

AUTHORIZATION: The pricing contained herein is valid until May 28, 2004.

Santa Barbara County Public Health Department

Signature: _Roger E. Heroux_
Printed Name: _Roger E. Heroux_
Title/Position: _Director of PHD_
Customer PO#: _____
Date: _6|1|04_

McKesson Information Solutions LLC

Signature: _Ron W Weber_
Printed Name: _Ron Weber_
Title/Position: _Account Executive_
Date: _5/19/04_

Customer's purchase order number is required. If this contract supplement is equal to or exceeds $10,000, a copy of the Customer's purchase order must be attached. Pre-printed terms and conditions on or attached to Customer's purchase orders shall be of no force or effect.

Thank You For Your Business
(Please Attach Customer's Purchase Order)

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EXHIBIT 1 TO CONTRACT SUPPLEMENT NO. 1-BJ3U7

PROCESSING SERVICES

PRACTICEPOINT PLUS PROCESSING SERVICES

1.   **DEFINITIONS.**

Except as otherwise stated herein, capitalized terms used in this Exhibit will have the meanings set forth in Exhibit 1-B attached hereto.

2.   **TERM.** The term during which McKesson shall provide, and Customer shall pay for, Processing Services under this Agreement shall be for a period of four (4) years from the effective date of this Contract Supplement (*"Initial Processing Term"*). Upon expiration of the Initial Processing Term, said Processing Services and the Processing Term shall automatically renew for successive one (1) year periods (*"Renewal Terms"*) until this Contract Supplement is terminated or Processing Services are discontinued as set forth in this Exhibit. Customer agrees that McKesson shall be the sole supplier to Customer throughout the Initial Processing Term or any Renewal Terms for the Processing Services listed in Exhibit 1-A, as changed from time to time by McKesson pursuant to this Exhibit.

3.   **RESPONSIBILITIES.** Subject to Paragraph 5 and 6 of this Exhibit, and provided that this Agreement has not been terminated, McKesson will provide the services and will process the Transactions listed in this Exhibit upon timely receipt of properly entered or coded data files, documents, balancing totals or other required information from Customer, as applicable. Customer or its agents shall deliver accurate and complete electronic encoding of Transaction data to McKesson in McKesson's standard acceptable medium and common format, as designated by McKesson. Customer shall be solely responsible for the accuracy and integrity of all information provided by Customer to McKesson, and McKesson shall have no obligation to verify, check, inspect or correct information supplied by Customer to McKesson, except to verify the number of records, the number of Transactions, and the total dollar amount of Transactions actually received and processed by McKesson. At Customer's expense, Customer shall maintain all source documents for verification of Transaction data. McKesson shall not be responsible for record keeping or security backup of any Transaction information, or for loss of data. Transactions rejected by a Payor or by McKesson for any cause not attributable to fault by McKesson must be corrected and resubmitted by Customer at Customer's expense.

4.   **FEES.** Processing Services fees will be billed to Customer monthly beginning with McKesson's processing of Customer's actual transactions and will be due within thirty (30) days of invoice. Processing Services fees are estimated in Exhibit 1-A according to the processing volumes and the then-current rates set forth in Exhibit 1-A. Customer's actual Processing Services fees will be based upon the exact number of monthly transactions processed by McKesson multiplied by the then-current rate for each applicable transaction listed in Exhibit 1-A. The then-current rates for Processing Services set forth in Exhibit 1-A are valid during the calendar year of the effective date of this Contract Supplement. McKesson may, effective as of January 1 of each year thereafter, increase the rates for Processing Services in an amount not to exceed the lower of CPI or 5%. McKesson may at any time, upon advance notice to Customer, in addition to said CPI increase, increase its Transaction rates for paper transactions, including, without limitation, statements, collection letters, and paper insurance claims, by an amount equal to McKesson's increased cost and incremental profit margin per transaction for forms, envelopes, and other paper related supplies. Processing fees include the cost of all forms used at McKesson's processing center except for custom Customer forms and letterheads. Customer shall pay or reimburse McKesson for all reasonable and actual fees and charges imposed by any Payor or entity related to filing transactions, network surcharges, and all telecommunications costs, shipping costs, and postage costs.

5.   **MODIFICATION.** McKesson reserves the right to change, discontinue, or modify any Transaction listed in Exhibit 1-A or that may be performed by McKesson during the course of this Contract Supplement if such Transaction becomes obsolete or is made commercially impractical, including, without limitation, because of industry practice or the effect or implementation of any local, state, or federal law or regulation. Customer acknowledges that future changes in paper Transactions or in a Payor's information or format requirements may require McKesson or Customer to generate additional or different information, to use different formats, to reprogram software, and/or to incur delays in processing Transactions. Accordingly, the Parties agree that this Exhibit shall be amended as is reasonably necessary to accommodate said changes, and that each Party shall bear its own costs related to said changes, provided that if any change relates to a particular Payor and involves an unreasonable cost to either Party, such Party may discontinue Processing Services with respect to such Payor upon notice to the other Party.

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6. **TERMINATION**. McKesson reserves the right to (i) suspend provision of Processing Services because of nonpayment of sums owed to McKesson that are undisputed and sixty (60) days or more past due. Before expiration of the Initial Processing Term, Customer may discontinue Processing Services at the expiration of the Initial Processing Term by giving notice to McKesson not later than sixty (60) days before expiration of the Initial Processing Term. After expiration of the Initial Processing Term, Customer may discontinue Processing Services by giving notice to McKesson not later than sixty (60) days before expiration of the applicable Renewal Term. Upon termination of Processing Services, the final month's processing charges will be estimated based upon the previous three (3) months' average. An invoice for the estimated final month's processing fees, plus estimated deconversion costs, will be issued one month prior to the termination date of Processing Services under this Exhibit. Upon termination of Processing Services, the final month's processing outputs will be released upon payment in full of all outstanding invoices. At the completion of the final month's processing and all deconversion activities, any additional processing fees or charges will be invoiced to Customer, and McKesson will promptly refund any overpayment made by Customer.

7. **SUPPORT**. Processing Services include telephone support to Customer during McKesson's regular business hours for the purpose of attempting to resolve problems that Customer may experience with respect to Processing Services, provided that Processing Services have been contracted for between the Parties and have not been terminated hereunder, and subject to the provisions of Paragraph 6 of this Exhibit.

8. **TRANSACTION TYPES**.

    8.1   Electronic Claims Transactions. McKesson will process and submit Customer's Transactions directly to the appropriate Payor via electronic transmission or other appropriate medium, in lieu of processing Paper Transactions under Paragraph 8.2, provided the appropriate Payor is listed in the Provider Profile and such Payor agrees to accept Customer's Electronic Transactions when submitted by McKesson.

    8.2   Paper Claims Transactions. Transactions not covered by Paragraph 8.1 will be processed and printed on paper by McKesson using the standard HCFA 1500, UB-92, or other appropriate form. McKesson will send processed Paper Transactions to Customer, unless McKesson, Customer and Customer's Payor(s) have agreed for McKesson to send such transactions directly to Customer's Payor(s).

    8.3   Eligibility Transactions.

        8.3.1   Enrollment. Access to any Payor's data is controlled by the Payor and shall only be made available to healthcare providers which are enrolled (if necessary) with the Payor. McKesson will identify and specify the Payor enrollment process where necessary and provide required forms to Customer. Customer shall insure completion of the forms and shall have them signed by the healthcare provider when required. Customer shall return all forms to McKesson who shall have them forwarded to the appropriate Payor(s).

        8.3.2   Provider Numbers. Customer shall not insert provider numbers into Eligibility Transactions, nor shall Customer knowingly allow a Transaction to contain a provider number that does not belong to the healthcare provider submitting the Transaction.

        8.3.3   Pass-through Provision. Payors, fiscal intermediaries, government entities, and other third party information suppliers may require that Customer agree to comply with certain obligations (e.g. confidentiality, liability and scope of use) as a condition of accessing their information. McKesson shall deliver to Customer such written obligations. Upon advance notice to Customer, Customer agrees to comply with such obligations as a condition of McKesson providing associated Eligibility Transaction Services.

        8.3.4   Payor Contracts. Customer acknowledges that access to any given Payor's data is normally dependent on a contract between McKesson or McKesson's business partner and the Payor. Such a contract may be canceled, terminated for cause, or may expire on some given date in the future. McKesson shall use reasonable efforts to provide advance notification to Customer of anticipated Payor contract terminations. Should any of these events happen, McKesson bears no liability for its inability to provide Eligibility Transaction Services to Customer.

        8.3.5   Payor Access Fees. In addition to the transaction fees due as specified in this Exhibit, any "access fees" charged by Payors for Eligibility Transactions processed for Customer shall also be billed to Customer. McKesson will make reasonable efforts to notify Customer of such charges prior to billing.

9. **BREACH**. In the event that Customer is responsible for terminating this Exhibit with respect to

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Processing Services in any manner other than is permitted herein, or otherwise affects any material decrease in usage (based upon historical and/or estimated usage, as applicable) by Customer, Customer agrees to pay McKesson eighty percent (80%) of the total monthly estimated Processing Services Fees listed in Exhibit 1-A multiplied by the number of months remaining in the Processing Term as liquidated damages for such premature termination. In the event that Customer uses a supplier other than McKesson during the Initial Processing Term or any Renewal Terms to provide Processing Services substantially similar to the services listed in Exhibit 1-A, provided that McKesson is not in breach of this Exhibit at such time, Customer shall pay McKesson for the value of the services performed by such other supplier at the then-current rates. Customer agrees that the measure of damages set forth in this Paragraph 9 is fair and reasonable under all facts and circumstances, and that this Paragraph shall not be construed as a waiver or limitation of McKesson's right to recover any other debt or damages that may be owed to McKesson under this or any other agreement.

10. **PROCESSING SERVICES LIABILITY LIMITATION.** ANYTHING IN THIS EXHIBIT TO THE CONTRARY NOTWITHSTANDING, MCKESSON'S LIABILITY FOR ANY LOSS OR DAMAGE RELATED TO PROCESSING SERVICES, DIRECT OR INDIRECT, FOR ANY CAUSE WHATSOEVER AND REGARDLESS OF THE FORM OF ACTION, SHALL BE LIMITED TO ACTUAL AMOUNTS PAID BY CUSTOMER TO MCKESSON FOR PROCESSING SERVICES UNDER THIS CONTRACT SUPPLEMENT DURING THE TWELVE (12) MONTHS IMMEDIATELY PRIOR TO THE DATE OF LOSS OR DAMAGE. IN NO EVENT SHALL MCKESSON BE LIABLE FOR ANY LOSS, DAMAGE, COST OR EXPENSE ARISING FROM THE INACCURACY, INVALIDITY, INCOMPLETENESS, ERROR, OMISSION, MISDELIVERY, OR OTHER FAULT OF CUSTOMER, DEALER, ANY RECEIVER, OR ANY THIRD PARTY AND RELATING TO ANY INFORMATION OR TRANSACTION PROVIDED TO OR PROCESSED BY MCKESSON.

11. **HIPAA.** Customer acknowledges that the data layout for the Transactions may not conform to the standard for the exchange of eligibility data as described in the applicable rules promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and that changes to this data layout may be required to support HIPAA requirements. The parties shall work together to implement the HIPAA standard for the exchange of eligibility data no later than the HIPAA compliance date for such standard; such implementation shall include commercially reasonable time for testing and certification before this date.

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EXHIBIT 1-A

PROCESSING SERVICES AND RATES

Description	Monthly Volume Rate	Monthly Cost	(Estimated)
Flat Charge	1	507.29	$507
Ins. Claims Elec.	10,678	.14668	$1,566
Ins. Claims Paper	3,515	.29336	$1,031
Pay Direct Handling Charge	0	.3	$0
Statements	10,037	.22002 (excludes postage)	$2,208
Fast Forward for Statements	93	.3619	$34
Real Time Eligibility	7	.34	$2
		Estimated Monthly Processing Total:	**$5,348**

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EXHIBIT 1-B

DEFINITIONS

"CPI" means Consumer Price Index, All Urban Consumers, U.S. City Average for Los Angeles/Orange California, all items, published by the Bureau of Labor Statistics, United States Department of Labor using the most recently published statistics prior to January 1.

"Electronic Transaction(s)" means the form of Transaction submitted to Payor via electronic or digital medium, as further described in Section 8.1.

"Paper Transaction(s)" means the form of Transaction submitted to Payor via appropriate paper form, as further described in Section 8.2.

"Payor" means the person or entity designated by Customer and agreed upon by McKesson, indicated within this Contract Supplement and with whom or which McKesson is to file or submit a particular Transaction.

"Processing Services" means the Transaction processing services specified in this Contract Supplement that McKesson will perform for Customer, including, but not limited to, Electronic Transactions and Paper Transactions, as further described herein.

"Services" means, individually or collectively, Processing Services and any other services that McKesson provides to Customer pursuant to this Contract Supplement.

"Transaction" means information received from Customer or its agent that is processed by McKesson as a distinct claim, inquiry, information request, statement or other item.

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EXHIBIT 2 TO CONTRACT SUPPLEMENT NO. 1-BJ3U7

PREVIOUSLY LICENSED SOFTWARE
TO
SANTA BARBARA COUNTY PUBLIC HEALTH DEPARTMENT
f/k/a SANTA BARBARA COUNTY HEALTH CARE SERVICES

License Contracts	CBG97003	08/12/1997	
	1-4WLVG	10/31/2002	
	1-7QSCE	02/04/2003	Business Objects, Tuxedo
	1-AP1CE	08/25/2003	30 additional Tuxedo

1-4WLVG	PracPt Plus Test Database
1-4WLVG	PracPt Plus Panther
1-7QSCE	PW PracPt Plus Tuxedo
1-7QSCE	PracPt Plus Bus Objects-IT Bundle
1-7QSCE	PracPt Plus Bus Objs-End User Lic
1-AP1CE	PW PracPt Plus Tuxedo
CBG97003	PracPt Plus Cincom Supra LU DB
CBG97003	PracPt Plus MF COBOL Initial 10
CBG97003	PracPt Plus Jam-7 (upg only)
CBG97003	PracPt Plus Impromptu Admin
CBG97003	PracPt Plus
CBG97003	PW PracPt Plus Tuxedo
CBG97003	PW PracPt Plus Tuxedo
CBG97003	PracPt Plus Interface Manager
CBG97003	Glance Plus
CBG97003	HP Token Ring
CBG97003	HP Unlimited-User Lic& Media Spec
CBG97003	Mirror Disk
CBG97003	PracPt Plus Cognos A/R Dict
CBG97003	PracPt Plus Computer Based Training
CBG97003	PracPt Plus Appointment Software
CBG97003	PracPt Plus Order Entry Software