

## LICENSE AGREEMENT

THIS LICENSE AGREEMENT ("Agreement"), dated the 23rd day of September, 2003 (the "Effective Date"), by and between McKesson Information Solutions LLC ("McKesson"), with offices at 5995 Windward Parkway, Alpharetta, Georgia 30005, and Santa Barbara County Public Health Department ("Customer") with offices at 300 North San Antonio Road, Santa Barbara, CA 93110. For all Software licensed under this License Agreement, the applicable Contract Supplement ("CS") or Attachment shall specify: (i) the Software, (ii) the Equipment, (iii) the Services, (iv) the Fees, and (v) the number of Active User ID's, (vi) the Facility(ies), and (vii) such other mutually agreed upon information, if any.

### 1. LICENSE.

1.1. McKesson hereby grants to Customer a perpetual, non-exclusive, non-transferable license to use the object code version of the Software on the Equipment located at Customer's Facility (i) solely for the benefit of persons and entities located at Customer's Facility and (ii) if applicable, by the number of Concurrent Users, regardless of location, provided that such access and use of the Software is relevant to the business relationship with Customer, and in a manner consistent with Customer's own internal business purposes. In this Agreement (a) "Documentation" means user guides and operating manuals, whether in print or machine-readable media, in effect as of the date of shipment, (b) "Facility" means the health facilities owned or operated by or associated with Customer that are listed on the CS or Attachment, (c) "Concurrent User" means a Permitted User identified by a unique user ID, issued by Customer, and who is one user out of a maximum number of users permitted to access the Software simultaneously, (d) "Live Date" means the date that the Software is first used in an operational, non-test environment, utilizing actual patient data, unless said use is delayed at Customer's request or through no fault of McKesson, in which case the Live Date shall mean the date specified in the implementation workplan upon which said Software would have been available for use in a live, operational environment but for the delay, (e) "Software" means such computer programs listed on a CS or Attachment, (f) "Permitted User" means, with respect to any Software identified in a CS or Attachment, (i) any employee of Customer; (ii) any physician with patient admitting privileges at a Facility for which the Software is licensed; (iii) any employee of such physician; and (iv) any medical professional who is authorized to perform services for Customer at a Facility, and (g) "Equipment" means the computer equipment identified in a CS or Attachment that Customer purchases from McKesson.

1.2. The Software may be transferred for up to thirty (30) days to a backup computer if the Equipment is inoperative. Customer may make and use additional copies of Software and Documentation as reasonably necessary to use the Software and for testing, disaster recovery, back-up, or archival purposes. Customer shall not rent, lease or provide remote computer services or distribute the Software, or permit the use of the Software by an outsource or facility management service to any third party, without the prior written consent of McKesson. The Software or Documentation may not be copied or used other than as permitted by this Agreement.

1.3. As soon as practicable after signing the applicable CS or Attachment, McKesson shall deliver the Software and one copy of Documentation to the designated site. Customer does not have a license to, and is not permitted to use in any way, any other McKesson software delivered to Customer by McKesson other than the Software licensed under the applicable CS or Attachment.

### 2. SOFTWARE MAINTENANCE.

2.1. Software Maintenance Services ("Software Maintenance Services") shall include, for the two (2) most current releases of the Software, corrections of Software or Documentation due to defects in the Software or Documentation, as applicable, and improvements to existing functionality provided by McKesson after the Software delivery date but not otherwise separately priced or marketed by McKesson. McKesson and Customer shall comply with McKesson's written Software Maintenance Services procedures as contained in the McKesson Support Manual incorporated herein by reference, as may be reasonably modified from time to time. In addition, McKesson shall provide the services set forth on a CS or Attachment with respect to the particular Software licensed, if any.

2.2. McKesson shall provide, and Customer shall pay for, Software Maintenance Services for a period of four (4) years (the "Initial Software Maintenance Term"), beginning upon execution of the applicable CS or Attachment. Software Maintenance Services Fees are set forth on the CS or Attachment and shall be payable on January 1 of each year. The first annual Software Maintenance Services fee shall be due upon the earlier of the Live Date or twelve (12) months from the Effective Date of the applicable CS or Attachment (except for upgrades which shall be due upon the Live Date) and be pro-rated on a daily basis using a 365-day year. Following the expiration of

the Initial Software Maintenance Term, and subject to Customer's payment of the applicable Software Maintenance Services fees, McKesson will continue to provide 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 prior to the end of the Initial Software Maintenance Term or three (3) months prior to the end of the applicable Renewal Term. Notwithstanding the foregoing, McKesson may suspend Software Maintenance Services for nonpayment of any sums owed to McKesson which are undisputed and ninety (90) days or more past due. McKesson may, effective one (1) year after execution of the applicable CS or Attachment and during any Renewal Term, increase the Annual Software Maintenance Services Fee for any Software once a year by the lower of (a) five percent (5%), or (b) the annual percentage increase in the ECI Index for White Collar Workers.

3. SOURCE CODE RIGHTS. As further described in the applicable exhibit, Customer shall be entitled at its sole expense, to have the source code for all licensed, Generally Available McKesson-owned Software escrowed with McKesson's nationally recognized escrow agent.

### 4. CONFIDENTIALITY.

4.1. Each party (the "Discloser") may disclose to the other party (the "Recipient") certain non-public information relating to the Discloser's business, including technical, marketing, financial, personnel, planning, medical records and other information that is marked confidential or which the Recipient should reasonably know to be confidential given the nature of the information and the circumstance of disclosure ("Confidential Information"). Confidential Information of each party shall also include the terms of this Agreement and each Contract Supplement, but not the existence and general nature of this Agreement and each Contract Supplement. Confidential Information will not include any information:

- (a) lawfully obtained or created by the Recipient independently of, and without use of, Discloser's Confidential Information and without breach of any obligation of confidence; or
- (b) that is in or enters the public domain without breach of any obligation of confidence.

4.1.1 Except as expressly permitted by this Agreement, the Recipient will:

- (a) not disclose Discloser's Confidential Information except (i) to the employees or contractors of the Recipient to the extent that they need to know that Confidential Information for the purpose of performing the Recipient's obligations under this Agreement, and who are bound by confidentiality terms with respect to that Confidential Information no less restrictive than those contained in this Section 4; or (ii) as required to be disclosed by law, to the extent required to comply with that legal obligation, provided that the Recipient will promptly notify the Discloser of such obligation;
- (b) use the Discloser's Confidential Information only for the purpose of performing Recipient's obligations under this Agreement; and
- (c) use all reasonable care in handling and securing the Discloser's Confidential Information, and employ all reasonable data security measures that the Recipient ordinarily uses with respect to its own proprietary information of similar nature and importance.

4.1.2 The Recipient will return to the Discloser, and destroy or erase all of the Discloser's Confidential Information in tangible form, upon the expiration or termination of this Agreement, and the Recipient will promptly certify in writing to the Discloser that it has done so.

4.2. McKesson agrees to the obligations set forth on Exhibit 1 attached hereto.

4.3. Customer may terminate the Agreement and any other agreement that requires the use of PHI if McKesson has violated a material term of Exhibit 1 to this Agreement and has failed to cure such breach within thirty (30) days

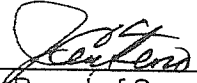
COUNTY OF SANTA BARBARA  
PUBLIC HEALTH DEPARTMENT

SIGNATURE PAGE

License Agreement and Contract Supplement  
between  
County of Santa Barbara Public Health Department  
and  
McKesson Information Solutions, LLC  
for Fiscal Period 2003-2007.

Contract Number: CO407770  
Purpose: Information Technology System for Fiscal Period 2003-2007

COUNTY OF SANTA BARBARA

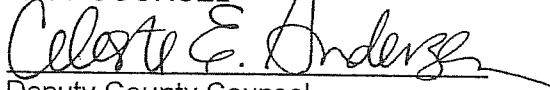
By:   
Chair, Board of Supervisors

Date: 6-1-04

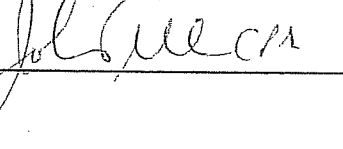
ATTEST:  
MICHAEL BROWN  
CLERK OF THE BOARD

By:   
Deputy

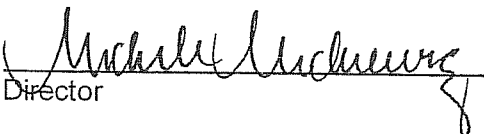
APPROVED AS TO FORM:  
STEPHEN SHANE STARK  
COUNTY COUNSEL

By:   
Deputy County Counsel

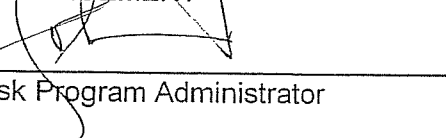
APPROVED AS TO ACCOUNTING FORM:  
ROBERT W GEIS, CPA  
AUDITOR-CONTROLLER

By:   
Deputy

PUBLIC HEALTH DEPARTMENT  
ROGER E. HEROUX  
DIRECTOR

for By:   
Director

APPROVED AS TO FORM:  
JOHN FORNER  
RISK MANAGEMENT

By:   
Risk Program Administrator

attention of its General Counsel) or specified by such party in accordance with this Section.

9.8. McKesson and Customer agree to make available upon the written request of the Secretary of Health and Human Services or the Comptroller General, or their representatives, this Agreement and such books, documents and records as may be necessary to verify the nature and extent of the costs of the services rendered hereunder to the full extent required by the Health Care Financing Administration implementing Section 952 of the Omnibus Reconciliation Act of 1980, codified at 42 U.S.C. Section 1395x(v)(1)(I), or by any other applicable federal or state authority.

9.9. This Agreement shall be governed by and construed in accordance with the laws in the state in which the Customer is located, exclusive of its rules governing choice of law and conflict of laws.

9.10. Any action of any kind arising out of or in any way connected with this Agreement, other than collection of outstanding payment obligations, must be commenced within one year of the date upon which the cause of action accrued.

9.11. This Agreement, including exhibits, attachments, written terms incorporated by reference and CSs or Attachments, is the complete and exclusive agreement between the parties with respect to the subject matter hereof, superceding and replacing all prior agreements, communications, understandings (both written and oral) regarding such subject matter. Pre-printed terms and conditions on or attached to Customer's purchase orders shall be of no force or effect. Each party executes this Agreement by its duly authorized representative.

9.12 Nothing in this Agreement shall confer upon any person other than the Parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date set forth above.

SANTA BARBARA COUNTY PUBLIC HEALTH DEPARTMENT

By: Roger E. Heroux  
Name Printed: Roger E. Heroux  
Title: Director of PHD  
Date: 6/1/04

MCKESSON INFORMATION SOLUTIONS LLC

By: Roni Weber  
Name Printed: Roni Weber  
Title: Account Executive  
Date: 5/19/04

EXHIBIT 1

BUSINESS ASSOCIATE OBLIGATIONS

1. DEFINITIONS

1.1 "Designated Record Set" means a group of records maintained by or for Customer that are the medical records and/or billing records of individual patients or are otherwise used by Customer to make decisions about individual patients.

1.2 "HIPAA" means the Health Insurance Portability and Accountability Act of 1996 and the federal HIPAA privacy regulations at 45 C.F.R. parts 160 and 164.

1.3 "Individually Identifiable Health Information" means individually identifiable health information as defined at 45 C.F.R. § 164.501.

1.4 "Protected Health Information" or "PHI" means Individually Identifiable Health Information (transmitted or maintained in any form or medium) concerning Customer patients or the patients of any of Customer's health care provider customers.

All capitalized terms used herein that are not otherwise defined have the meanings ascribed in HIPAA.

2. RESPONSIBILITIES OF THE PARTIES WITH RESPECT TO PROTECTED HEALTH INFORMATION

2.1 Responsibilities of McKesson. Beginning upon the compliance date established by HIPAA, with regard to PHI obtained from Customer, McKesson agrees as follows:

(a) McKesson will use and/or disclose the PHI only as permitted or required by the Agreement or as required by law.

(b) McKesson will use appropriate safeguards to maintain the security of the PHI and to prevent unauthorized use or disclosure of PHI, which will in no event be any less than the means which McKesson uses to protect its own confidential information.

(c) McKesson will promptly report to Customer any use or disclosure of PHI of which McKesson becomes aware that is not permitted by this Exhibit.

(d) If McKesson is permitted to utilize an agent or subcontractor to perform any of its obligations under the Agreement, McKesson will require all such subcontractors and agents that receive or use, or have access to, PHI under the Agreement to agree, in writing, to the same restrictions and conditions on the use and/or disclosure of PHI that apply to McKesson pursuant to this Exhibit.

(e) McKesson will make available its internal practices, books and records relating to the use and disclosure of PHI to the Secretary of HHS for purposes of determining Customer's compliance with HIPAA.

(f) McKesson will provide to Customer such information in McKesson's possession as is reasonably requested by Customer and necessary to enable Customer to respond to a request by an individual for an accounting of the disclosures of the individual's PHI in accordance with HIPAA.

(g) Unless otherwise explicitly stated in the applicable Contract Supplement, the parties do not intend for McKesson to maintain any PHI in a Designated Record Set for Customer. If McKesson maintains any PHI in a Designated Record Set, then McKesson agrees to (1) provide to Covered Entity such PHI in a timely fashion upon written request, and (2) to make amendments to such PHI in accordance with HIPAA.

(h) If McKesson believes it has a legal obligation to disclose any PHI, it will notify Customer as soon as reasonably practical after it learns of such obligation, and in any event within a time sufficiently in advance of the proposed release date such that Customer's rights would not be prejudiced, as to the legal requirement pursuant to which it believes the PHI must be released. If Customer objects to the release of such PHI, McKesson will allow Customer to exercise any legal rights or remedies McKesson might have to object to the release of the PHI, and McKesson agrees to provide such assistance to Customer, at Customer's expense, as Customer may reasonably request in connection therewith.

2.2 Responsibilities of Customer. Customer agrees to obtain any consent or authorization that may be required by HIPAA, or applicable state law, prior to furnishing McKesson with PHI. Customer agrees to timely notify McKesson, in writing, of any arrangements between Customer and the individual that is the subject of PHI that may impact in any manner the use and/or disclosure of that PHI by McKesson under this Exhibit.

2.3 Effect of Changes of HIPAA Privacy Regulation on Responsibilities of the Parties. To the extent that any relevant provision of HIPAA is materially amended in a manner that changes the obligations of Business Associates or Covered Entities that are embodied in term(s) of this Exhibit, the Parties agree to negotiate in good faith appropriate non-financial terms or amendment(s) to this Exhibit to give effect to such revised obligations. In addition, the terms of this Exhibit should be construed in light of any interpretation and/or guidance on HIPAA issued by HHS from time to time.

3. PERMITTED USES AND DISCLOSURES OF PROTECTED HEALTH INFORMATION

3.1 Permitted Uses and Disclosures of PHI by McKesson. Except as specified below, McKesson may only access, duplicate or otherwise use or disclose PHI as necessary to perform its obligations under the Agreement, provided that such use or disclosure would not violate HIPAA if done by Customer. All other uses or disclosures not authorized by this Agreement are prohibited. Unless otherwise permitted by this Agreement, McKesson will not permit the disclosure of any PHI to any person or entity other than such of its employees, agents or subcontractors who must have access to the PHI in order for McKesson to perform its obligations under the Agreement and who agree to keep such PHI confidential as required by this Exhibit. Unless otherwise limited herein, McKesson may:

(a) use the PHI in its possession for its proper management and administration and to fulfill any legal responsibilities of McKesson.

(b) disclose the PHI in its possession to a third party for the purpose of McKesson's proper management and administration or to fulfill any legal responsibilities of McKesson, provided that (i) the disclosures are required by law, or (ii) McKesson has received from the third party reasonable assurances regarding the confidential handling of such PHI as required under HIPAA.

(c) aggregate the PHI obtained by McKesson as a business associate, provided that Customer has authorized the aggregation and the purpose of such aggregation is to provide Customer with data analyses relating to the Health Care Operations of Customer.

3.2 Ownership of PHI. As between Customer and McKesson, Customer holds all right, title and interest in and to the PHI, and McKesson does not hold, and will not acquire by virtue of this Agreement or by virtue of providing any services or goods to Customer, any right, title or interest in or to the PHI or any portion thereof. Except as specified in 3.1(c) above or as otherwise agreed to in writing by the parties, McKesson will have no right to compile and/or distribute statistical analyses and reports utilizing aggregated data derived from the PHI or any other health and medical data obtained from Customer.

4. TERMINATION OF AGREEMENT

4.1 Termination by Customer. Customer may terminate the Agreement if it determines that McKesson has violated a material term of this Exhibit. Alternatively, Customer may provide McKesson with prompt written notice of an alleged material breach and afford McKesson an opportunity to cure the alleged breach. Failure to cure the material breach within 30 days of receipt of notice is grounds for the immediate termination of the Agreement that require use of PHI by McKesson.

4.2 Return of PHI. Upon the expiration or termination, for any reason, of this Agreement that requires the use of PHI by McKesson, McKesson will promptly return to Customer, or at Customer's sole option destroy, any PHI in its possession or control and will retain no copies of such PHI, and, unless otherwise expressly agreed to in writing, any right or license which McKesson has to use the PHI will terminate immediately upon such expiration or termination of this Agreement. If the destruction or return of the PHI is not reasonably feasible, the protections contained in this Agreement will continue to apply to any retained PHI, and any further use or disclosure of the PHI by McKesson is limited solely to those purposes that made the return or destruction of such PHI infeasible.

5. RIGHT TO INJUNCTIVE RELIEF McKesson expressly acknowledges and agrees that the breach, or threatened breach, by it of any provision of this Exhibit may cause Customer to be irreparably harmed and that Customer may not have an adequate remedy at law. Therefore, McKesson agrees that upon such breach, or threatened breach, Customer will be entitled to seek injunctive relief to prevent McKesson from commencing or continuing any action constituting such breach without having to post a bond or other security and without having to prove the inadequacy of any other available remedies. Nothing in this paragraph will be deemed to limit or abridge any other remedy available to Customer at law or in equity.

6. MISCELLANEOUS

6.1 Survival. Sections 3.1(a) and 4 will survive the termination or expiration of the Agreement.

6.2 No Third Party Beneficiaries. Nothing in this Exhibit shall confer upon any person other than the Parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.